



# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

FBIS-EAS-94-239

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**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## Japan

### Keidanren's Toyoda, Mondale Discuss Trade

OW1312040894 Tokyo KYODO in English 0348 GMT  
13 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO—U.S. Ambassador to Japan Walter Mondale said Tuesday [13 December] that deregulation will have a very important impact on the marketplace in Japan and the competitiveness of its firms.

"The success of deregulation should be measured not by a mere counting of regulations relaxed, but by looking at its impact on the marketplace, such as on the large gap between Japanese and overseas prices," he said.

In a meeting with leaders of the Federation of Economic Organizations (Keidanren), Japan's most powerful economic lobby group, Mondale said that he does not think Japan can afford to postpone deregulation much longer. "By not removing the regulatory and other barriers that protect your weakest firms from foreign competition, you are in fact hurting your most competitive firms," he said. "The trade surplus that results from these barriers keeps upward pressure on the yen. This, in turn, undermines the international competitiveness of your export firms," he added.

Mondale said that deregulation in the Japanese cellular phone market and the regulatory changes in the large-scale retail store law have been benefiting Japanese consumers. Mobile phone prices came down after the deregulation and the retail store law revision led to an increase in lower priced beer imports and the opening of low cost toy stores, Mondale said.

He said that the United States welcomes deregulation in Japan as it will lead to the success of competitive U.S. firms, expansion of U.S. exports and investment, and easing of trade frictions. He asked Japan to deregulate a broad range of sectors that are of special interest to U.S. industries—from autos to building codes, customs clearances to financial services, telecommunications to wood products, to medical technology and supplies.

Shoichiro Toyoda, chairman of Keidanren, said, "deregulation is not something we should do in response to foreign demands, but is what we should promote for ourselves."

He added that, in order to contribute toward the creation of the best possible five-year deregulation plan, to be compiled by the Japanese Government, Keidanren hopes to exchange information with the U.S. side on a variety of topics.

### ASEAN's 'Exclusionary Stance' Toward U.S Cited

OW1212113494 Tokyo SANKEI SHIMBUN in  
Japanese 10 Dec 94 Morning Edition p 2

[FBIS Translated Text] The Ministry of Foreign Affairs held a meeting of Japanese ambassadors to Asian and

Pacific countries on 9 December to exchange views on the present situation of and future diplomatic policy for the Asian-Pacific region. ASEAN has lately proposed the East Asia Economic Caucus (EAEC) concept, which attaches importance to "Asian values" while making anti-U.S. remarks. As for ASEAN's stance, participants agreed that "it is not realistic for ASEAN countries take an exclusionary stance against the United States." They also agreed that Japan will make diplomatic efforts to "enable Asian values to coexist with rather than confront European and American values."

### Impact of Lloyd Bentsen's Resignation Analyzed

OW1012080594 Tokyo TOKYO SHIMBUN in  
Japanese 7 Dec 94 Evening Edition p 2

[Article by correspondent Mamoru Onoki at the TOKYO SHIMBUN General Bureau in Washington]

[FBIS Translated Text] The resignation of Treasury Secretary Lloyd Bentsen was formally accepted on 6 December. The departure of Treasury Secretary Bentsen, who has been viewed as a "key player" on a par with Secretary of State Christopher in the Clinton administration, will deal a great blow to the administration in dealing with Congress, which is under the thumb of the Republican Party as a result of a landslide victory in the recent midterm elections.

At a 5 December news conference, Treasury Secretary Bentsen joked, "I am like novelist Mark Twain, whose obituary was frequently run in newspapers." There were rumors of his resignation soon after he assumed the post of treasury secretary two years ago, and the rumors have now come true.

The announced reason for his resignation is that Bentsen wanted to carry out his long-held plan to devote himself to business in his native state of Texas. In fact, however, some point out that a subtle discord continues to simmer within the Clinton administration. His resignation represents a "clash" between the liberal-thinking younger officials and a 73-year-old statesman who has been viewed as a conservative in the Democratic Party.

A fierce confrontation was once reported between Treasury Secretary Bentsen and Deputy Treasury Secretary Altman, who resigned in connection with the White-water scandal and Under Treasury Secretary Summers.

Treasury Secretary Bentsen is said to have once held a heated exchange with U.S. Trade Representative Kantor on economic relations with Japan. Bentsen is said to have kept hardliners in check. Bentsen stirred up foreign exchange markets around the world with his statement that the United States would tolerate a strong yen and a weak dollar, but he recently took a cautious attitude toward the exchange issue.

Japan and the United States are holding negotiations on the financial service sector and the two countries should consult on ways to keep the yen-dollar exchange rate

stable while working for the recovery of the world economy. These are major issues in Japan-U.S. relations for the new treasury secretary to come to grips with. Commenting on Rubin, a Japanese official says, "Though he is younger, he is composed." Japan will pin high hopes on his ability.

### Israeli Prime Minister Continues Official Visit

#### Praises Japan's Contributions

OW1212130794 Tokyo KYODO in English 1245 GMT  
12 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO—Israeli Prime Minister Yitzhaq Rabin gave high marks Monday [12 December] night to Japan's international contributions, particularly in the Middle East peace process.

In a speech during a banquet hosted by Prime Minister Tomiichi Murayama at his official residence, Rabin said his visit to Japan, the first by an Israeli prime minister, reflects Israel's high evaluation of Japan's contribution to promote and implement the Middle East peace process.

The Japan trip is also aimed at expressing "deep appreciation for Japan's involvement in the creation of the new Middle East," Rabin said, adding that Israel can serve as a bridge between Japan and the other countries in the region and between Europe.

"We are aware of the fact that Japan sees itself as being capable and committed to playing a role in the international political process that is commensurate with its position as the world's second largest economy," he said. "And we give our blessing to this role."

Murayama said in his speech that he hopes Rabin's visit will serve as a "stepping-stone" for further development in bilateral ties, which have recently seen expansion in various fields.

He praised Rabin's efforts in the middle east process, saying moves toward the solution to the Israel-Arab conflict "immeasurably" originate from his leadership.

Murayama also said that at the end of the 20th century, the world "must choose a future founded on the shared pooled wisdom of human beings from every corner of this earth," but that a decisive movement in such direction can be seen in the present Middle East.

The success of the peace process in the middle east "will give hope to a world seeking a new world order," he said.

Earlier in the day, Rabin held talks with Murayama for the first-ever summit talks between the two countries.

Rabin is to hold talks with foreign minister Yohei Kono and Defense Agency chief Tokuichiro Tamazawa on Tuesday. On Wednesday, he will meet with Finance

Minister Masayoshi Takemura and Ryutaro Hashimoto, minister for trade and industry, before leaving for Seoul.

### Meets Tamazawa on Defense Exchange

OW1312114894 Tokyo KYODO in English 1102 GMT  
13 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO—Defense Agency Chief Tokuichiro Tamazawa and visiting Israeli Prime Minister Yitzhaq Rabin agreed Tuesday [13 December] to expand bilateral defense exchanges, Japanese officials said.

During their meeting at the Defense Agency building, Rabin, who also serves as defense minister, asked Tamazawa to visit Israel at an early opportunity, they said. Tamazawa, however, denied the possibility of exchanging military technology with Israel, saying Japan has a policy of not exporting weapons to a country involved in a conflict, they said.

Rabin, the 1994 Nobel Peace Prize laureate, was quoted as saying that North Korea has sold the Scud surface-to-surface missile system to Iran, as well as equipment to produce missile launch pads, they said.

Tamazawa also expressed some concern over the North Korean situation, the officials said.

Tamazawa briefed Rabin on the participation by Japan's Self-Defense Forces (SDF) in UN peacekeeping activities so far conducted in Cambodia, Mozambique and Zaire, they said.

Japanese Foreign Minister Yohei Kono said earlier Tuesday that most of his cabinet colleagues advised at the day's cabinet meeting against a plan to dispatch a government team to the Israeli-occupied Golan Heights in January to study the feasibility of the SDF participating in UN operations there.

Rabin arrived in Japan on Monday for a three-day official visit to meet Japanese leaders.

### Kono Holds Press Conference

OW1312044994 Tokyo KYODO in English 0432 GMT  
13 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO—Cabinet ministers Tuesday [13 December] mostly advised against dispatching a government mission to the Israeli-occupied Golan Heights to weigh Japan's participation in a UN Mission there, Foreign Minister Yohei Kono said.

Kono told a press conference that most of the cabinet ministers, except Trade Minister Ryutaro Hashimoto, opposed sending a fact-finding mission to the Golan Heights, which Israel seized from Syria in 1967. The ministers exchanged views on the issue during talks after a regular cabinet meeting.

Their discussion followed a report by the ASAHI SHIMBUN newspaper the same day that the government plans to send a team to the Golan Heights in January to study the possibility of Japan's Self-Defense Forces (SDF) participating in the UN operations.

The United Nations has been requesting Japan to shoulder some functions of the Canadian logistics battalion operating under the UN Disengagement Observer Force in the Golan Heights.

Chief Cabinet Secretary Kozo Igarashi told a press conference later in the morning that the government has not made any final decision on the dispatch of such a mission.

Kono said he told the cabinet ministers he wants to consider dispatching the mission after consulting with the Defense Agency and the Prime Minister's Office following the safe return of SDF troops from a peacekeeping mission in Mozambique and a refugee relief operation in Zaire.

Transport Minister Shizuka Kamei criticized the Foreign Ministry for "taking it for granted" that Japan can join every peacekeeping operation it is requested to participate in, Kono said.

Home Affairs Minister Hiromu Nonaka reportedly said he understands the importance of the Middle East region but the Japanese public will not support sending the SDF in a place where conflicts are occurring because some countries sell arms to the region.

Education Minister Kaoru Yosano said the UN operations in Golan Heights differ from other missions Japan has participated in, and that there is a fear that it will be a long-term operation.

Kono said International Trade and Industry Minister Hashimoto disagreed with other cabinet ministers and supported Japan's sending a mission to the Golan Heights.

Hashimoto told a press conference later in the day it is worth considering joining the peacekeeping operations in the Golan Heights because it is an important task in promoting peace in the Middle East and that Japan can play a special role in it.

He cited the fact that Japan is not taking a one-sided approach in the Middle East peace process and has no religious problems as reasons why Japan can play a special role in the region.

#### **Rabin Meets Kono on Iran, DPRK**

*OW1312113994 Tokyo KYODO in English 1055 GMT  
13 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO—Israeli Prime Minister Yitzhaq Rabin expressed concern Tuesday [13 December] over Iran's role in the Middle East, saying Islamic fundamentalists are gaining strength

in the region with Iran's support and that there is a possibility of Iran obtaining nuclear and missile technologies from North Korea, Foreign Ministry officials said.

Rabin voiced the concern during a 40-minute meeting with Foreign Minister Yohei Kono.

Rabin told Kono the stalled negotiations between Israel and Syria and the growing strength of Islamic fundamentalists in the region pose obstacles to the promotion of the middle east peace process, the officials said.

Iran is trying, from a mid-to long-term point of view, to gain strength in the Middle East by making use of Islamic radicals in some countries in the region, Rabin was quoted as saying.

The Israeli prime minister also said the Middle East is facing a proliferation of arms, pointing out that he thinks it possible that North Korea may transfer technology on nuclear development and missiles to Iran while perhaps also selling its missiles to Syria.

Rabin called for international support in stemming poverty in the region because terrorism is largely caused by poverty, the officials said.

Kono reportedly did not make any comments in reply to Rabin's remarks.

When asked for Japanese aid in building dams on the Jordan and Yarmuk rivers, Kono suggested instead that Japan will consider financing repairs to the Allenby Bridge, which links the Israeli-occupied West Bank and Jordan.

But the Japanese foreign minister reportedly did not elaborate on the specifics of the Japanese aid.

Japanese officials said further talks by the parties concerned and a more specific blueprint on dam construction are necessary for Japan to consider assistance for the projects.

But they said that if the project to repair the allenby bridge were to materialize, it would have great political meaning and would also be a "symbolic project" as it links Jordan, Palestinians and Israel.

#### **Dines With Emperor, Empress**

*OW1312082494 Tokyo KYODO in English 0730 GMT  
13 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO—Israeli Prime Minister Yitzhaq Rabin and his wife Lea met Japanese Emperor Akihito and Empress Michiko on Tuesday [13 December] at the Imperial Palace in central Tokyo, the Imperial Household Agency said. The emperor congratulated Rabin on his recent winning of the 1994 Nobel Peace Prize, praising the Israeli premier's efforts for Middle East peace, agency officials said. Rabin pledged continued efforts to establish peace in the region, they said.

After the meeting, the Rabins, the imperial couple, Crown Prince Naruhito, Crown Princess Masako and Prime Minister Tomiichi Murayama dined together at the palace, they said. Rabin arrived in Japan on Monday for a three-day official visit to meet Japanese leaders.

#### **GATT Chief on Trade Surplus, Market Opening**

*OW1012083794 Tokyo KYODO in English 0820 GMT 10 Dec 94*

[FBIS Transcribed Text] Geneva, Dec. 9 KYODO—Japan has committed to boosting its imports under the Uruguay Round of global trade talks, which should help lower the nation's huge trade surplus, GATT chief Peter Sutherland said Friday [9 December].

In an interview with KYODO NEWS SERVICE in Geneva, the director general of the General Agreement on Tariffs and Trade praised Japan as a "positive contributor" to developing the multilateral trade system and said the world trade agreement should lead to more opportunities for others to export to Japan.

Quick and comprehensive Japanese market liberalization is preferable to the imposition of "mechanistic" approaches to slim the trade imbalance, he said.

In the wide-ranging interview, Sutherland, whose organization is to be replaced by the World Trade Organization (WTO) in January, also mused about expanding or supplementing the Group of Seven (G-7) structure in the future, proclaimed that Asia is no economic threat to Europe or the United States and said Asian nations are not likely to form a protectionist trade bloc.

The traditional divide of North and South, rich versus poor, is no longer relevant, Sutherland said, but he urged "extreme sensitivity" in dealing with such divisive issues as workers' rights in global trade talks.

Japan's trade and current account surpluses are subject to many factors, but "what is important to Japan's trading partners is that the Uruguay commitment means Japan imports more," Sutherland said.

"That commitment to the Uruguay Round should lead to increased opportunities, which are realistic, for others to export to Japan and thereby ameliorate the position in regard to the trade surplus," he said.

Japan's "enormous surplus creates tensions that "act as a provocation and incentive for protection," Sutherland said.

But, he said, the correct approach for trading partners is not "a mechanistic one. I believe it is one based upon the rapid and obvious adherence to open market principles in every way within Japan to stimulate the potential for others to function effectively within the Japanese market."

Japan must liberalize quickly "in areas where there are perceived impediments," he said, because "I don't think the world will find it easy to accept a slow process."

Sutherland cited direct opening measures "in all areas, through service, procurement and so on" and such indirect steps as policies to boost consumption rather than thwart it.

The WTO has measures to cover market opening caused by "distortions" that result from vertical and horizontal relationships in production and distribution, he said, but lack of consensus will prevent quick progress on global competition policy.

Among leading world economic and political organizations, some "are not entirely representative, for example, G-7 or G-15, which are almost competing organizations," Sutherland said.

He wondered if there could be a "more effective" and "more broadly based" structure than the G-7, which groups Britain, Canada, France, Germany, Italy, Japan and the U.S. But Sutherland said "There isn't such an initiative at this time."

Asked about frictions between Western nations and the booming economies of Asia, Sutherland said, "I don't believe the trade statistics bear justifications for Europeans or Americans feeling a sense of threat from Asia. It is an enormous opportunity."

Although some Western countries have fretted that Asian nations want to form an exclusive trading bloc, Sutherland said that whatever interest Asia might have in developing "a structurally inward-looking or protectionist grouping, I frankly don't believe that will ever get support within Asia."

On the issue of tensions between the richer countries of the North and the poorer ones of the South in the absence of Cold War East-West rivalries and allegiances, he said, "The traditional attitudes of North-South divide are no longer relevant or accurate."

While "there will always be tension between the more powerful and the weaker in society," Sutherland said "developing countries, including some of the poorer ones, have been showing the way in liberalization."

He cited Latin American nations pushing for "import substitution as the basis for economic policy."

But he said tensions will continue on such issues as workers' rights, which sharply divide the rich from the developing nations, and that the issue should be handled with "extreme sensitivity."

"There are strong feelings on this subject, and a necessary consensus for inclusion of such an item in the work program of WTO would, I believe, if it occurs, take some time," Sutherland said. "There is no evidence that consensus now exists."

#### **Government Urged To Open Markets**

*OW1012111594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Dec 94 Morning Edition p 2*

[Editorial: "Do Not Be Content To Be a Beneficiary of WTO"]

[FBIS Translated Text] In following with agreements reached at the Uruguay Round of talks, the World Trade Organization (WTO) will become operational in January. Japan is expected to act on WTO-related bills on 8 December. This follows a similar action by the United States.

On the same day, the WTO inauguration preparation committee is due to meet in Geneva. Indeed, the start of WTO has dramatic meanings for the multilateral, free trade system. But whether the new trade system will function well depends on whether Japan, which has been on the side of only receiving benefits of free trade so far, can display its leadership in its operation.

When the Bretton Woods framework was agreed on after World War II, the original idea was to establish the International Trade Organization (ITO), together with the International Monetary Fund (IMF), but the U.S. Congress refused to ratify the agreement saying it would infringe on U.S. trade sovereignty, and the ITO became a ghost organization. In its place came GATT, but its power was limited. Given such a history, it can be said that WTO is coming back to life half a century after it started.

Now, when world trade is leaning toward bilateralism and regionalism more than ever, WTO has an important mission of bringing the current of the world trade back to one flowing toward multilateralism.

WTO is different from GATT in that it has to provide international rules not only on commodities, but also on services and intellectual property rights. The functions of arbitration are strengthened as well. In the days of GATT, the arbitration panel needed the unanimous concurrence of panel members to be able to issue an advice [kankoku], but under the new system, a panel advice can be issued even when only one country agrees to it. The arena for settling bilateral trade disputes—like between Japan and the United States—will be moved to WTO. Unilateral settlement of a dispute should become now impossible.

But whether such functions can be performed effectively depends on the attitude of member countries. The United States' bills on enforcement provisions relating to Uruguay Round agreements contain measures of a protectionist nature, like the strengthening of anti-dumping measures and the expanded application of the 301 clause of the U.S. Trade Act. Furthermore, it is said that the United States might even pass a bill requiring the country to withdraw from WTO if the organization rules three times in ways which the country considers to be an infringement on the sovereignty of that country.

Such a position by the United States can be said to be like pouring cold water on the launch of WTO. Still, it is meaningful that the U.S. Congress, which so strongly objected to creating that kind of international organization, has finally decided to accept it—though with some conditions.

Throughout the era of GATT, Japan has contented itself with being a major beneficiary of the multilateral free trade system. Going beyond that, in the Uruguay Round of talks, Japan went so far as to act as if it were a victim of rice market liberalization. Such a passive attitude can no longer be accepted. Japan needs to make positive contributions in the operation of WTO. Conversely, if Japan does not want to take leadership in the operation of WTO, it is possible that bilateral punitive actions and bilateralism will survive and be left to thrive.

Japan should also make its own proposals on new trade rules such as those governing trade and environment, trade and investment, or competition policy. For instance, if labor standards proposed by such countries as the United States and France are learned to be aimed at restricting products from low-wage countries, such proposals must be blocked.

For Japan to be able to display its leadership in WTO operation, it itself must become the most open market in the world by carrying out deregulation and opening up its market as thoroughly as possible. To take leadership in realizing multilateral free trade, though it may be painful, will contribute not only to expanding world trade, but also to serving the national interests of Japan in the end.

#### Issues Stemming From WTO's Establishment Viewed

OW1012100394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Dec 94 Morning Edition p 3

[By Suguru Niimi]

[FBIS Translated Text] London, 7 Dec—GATT member-countries will formally decide in Geneva on 8 December, at a World Trade Organization (WTO) preparatory conference, on the establishment of the World Trade Organization, an international organization to succeed GATT in January. The GATT Uruguay Round agreements, which were concluded at the end of last year, will take effect on the same day. Expansion of coverage to include trade in services and intellectual property and the strengthened functions for arbitrating disputes are the main features of the WTO, a leading body in promoting trade liberalization. However, the complicated perspectives of member-nations have surfaced lately. For example, the United States has already proclaimed the superiority of its domestic laws over GATT agreements. In addition, the tough question of framing regulations on labor and trade is yet to be settled.

What Japan and the European Union (EU) are most concerned about are U.S. protectionist measures that could be taken after the WTO's establishment. For example, retaliatory measures, which can be implemented without undertaking proceedings with the WTO, have been strengthened in the Uruguay Round pact enforcement laws.

The Japanese Government intends to lodge a claim before the WTO if the United States imposes sanctions against it asserting Japan's violation of WTO agreements. The WTO Executive Board would approve the arbitration panel's rulings, unless the board is "unanimous in opposing" the rulings, and the accused country must follow the ruling. Under GATT, the "unanimous concurrence" of member countries, including the countries in dispute, is required to impose sanctions. Compared to GATT's system, which permits "accused" nations to exercise a veto, prospects for Japan "winning" suits are likely to increase. However, if the United States limits the target of its sanctions only to policy on competition, keiretsu dealings [dealings among affiliated companies], and financial services, which will be discussed at the Japan-U.S. framework talks for six more months, the United States would not violate the treaty because those areas are excluded from the WTO framework. In other words, the United States would be able to apply sanctions against them for a maximum of 15 months before the WTO reaches a conclusion.

The WTO will also be given juridical functions by changes in the arbitration panel's approval system. In the past, many countries in dispute finally made political concessions so as to obtain the "unanimous approval" of the executive board members. However, after the inauguration of the WTO, rulings of guilty or not guilty will be clearly given. Grey-area measures, such as self-imposed export restrictions, will also be banned by the WTO. There is a slim possibility that Japan could resort to political measures instead of trade rules in resolving frictions with the United States in the future.

In completing the task of framing trade regulations, which is also the WTO's main task in addition to dispute arbitration, many difficult issues must be settled. One of them is whether a plan to devise regulations on labor and trade should be studied. Developing countries have opposed U.S. and European countries' requests that import restrictions against those countries, whose labor conditions and wage standards are unfairly low, should be included in trade regulations.

In a bid for smooth ratification of the WTO pact in the United States and developing countries, the WTO preparatory council, which was established last spring, has postponed handling this issue. However, it is certain that "South-North confrontation" will be brought about again over this issue.

#### **MITI Creates Panel To Analyze Impact of High Yen**

*OW1012113694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Dec 94 Morning Edition p 5*

[FBIS Translated Text] On 9 December, the Ministry of International Trade and Industry [MITI] will inaugurate a research panel mandated to research the impact of the current yen appreciation on Japan's economy. The research panel will make short-term, medium-term, and

long-term forecasts on the cause of fluctuations in the yen-dollar exchange rate and analyze the impact of the appreciated yen on the balance of trade, employment, and prices. The research panel will compile a report in February 1995. The research panel, named "The Appreciated Yen and Japan Economic Research Council," will consist of Yasushi Katori, president of the Japan Economic Research Center, Katsu Yoshitomi, vice president of the General Research Institute of the Long-Term Credit Bank of Japan, and other representatives of banking institutes and scholars. Kobe University Professor Akihiro Amano will serve as head of the panel.

#### **Rising Yen Affects Joint U.S. Aircraft Project**

*OW1312054994 Tokyo BUNGEI SHUNJU in Japanese Jan 95 p 233*

[Unattributed article: "Relations Between the FSX and the Strong Yen"]

[FBIS Translated Text] There is a growing view within the defense industry that it will be difficult to carry out a Japanese-U.S. agreement which stipulates that Japan should receive 60 percent of the work in producing the next-generation fighter-support aircraft dubbed the FSX, and the United States the remaining 40 percent. This is because a rapid surge in the value of the yen against the dollar is expected to push up the value, on a dollar basis, of the work carried out by Japan to about 70 percent.

Mitsubishi Heavy Industries, Ltd. (president: Kentaro Aikawa) is the major contractor for the development of the FSX. Other Japanese companies participating in its development include Kawasaki Heavy Industries, Ltd. (president: Hiroshi Oba) and Fuji Heavy Industries, Ltd. (president: Isamu Kawai). They began joint research with the Lockheed group and other U.S. aircraft makers on developing the FSX by updating the F-16 fighter. They are expected to complete the development of a prototype by the beginning of 1995. The Defense Agency [DA] intends to include the mass production of the FSX in the next midterm defense buildup plan, which will take effect in FY 1996. Because of this, issues concerning the sharing of work between the two countries in the FSX's production have to be resolved by the summer of 1995.

Originally, uniformed officers demanded that the FSX be developed by updating the Japanese-made F-1 fighter so that the aircraft will be 100 percent Japanese made. However, to avoid trade frictions with the United States, the government decided on a Japanese-U.S. joint project. Immediately after the inauguration of the Bush administration, the two countries signed an accord stipulating that Japan should receive 60 percent of the work and the United States 40 percent at the production stage.

Ishikawajima-Harima Heavy Industries Co., Ltd. (president: Kosaku Inaba) will develop the engine of the FSX, a core part of the aircraft, by modifying the engine made by the U.S. General Electric Company. It will then

manufacture it with licensed U.S. technology. A DA official said, "If the engine is produced with 100-percent Japanese technology, it will be impossible to maintain the agreed-upon work ratio unless the amount of Japanese work in producing the fuselage is reduced." However, because of the question of obtaining spare parts in an emergency, uniformed officers are opposed to an additional procurement of U.S. equipment and parts.

Because of the reduced defense budget, the U.S. defense industry is now struggling to win projects. Thus, "it is highly unlikely that it will accept a reduction in the amount of its work" (according to the same senior DA official). It is unthinkable that the Murayama government will deal actively with this issue because that might cause unnecessary frictions with the United States. Thus, some senior DA officials are watchful concerning when the United States will take up the matter.

#### **Firms Getting Fewer Orders in Yen Loan Projects**

*OW1112093594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Dec 94 Morning Edition p 1*

[FBIS Translated Text] Japanese corporations' share of orders from yen-based loan projects, such as those to construct power plants and environmental facilities, has dropped to less than 30 percent from almost 70 percent 10 years ago. Some say the share "in fact could be less than 15 percent."

A typical example is the recent bidding for a project to add facilities to a thermoelectric power plant in Malaysia. Mitsubishi Heavy Industries Ltd., which has built similar facilities in the past, lost out in the bidding last month, and U.S. General Electric (GE) won it—the first order for the company from the yen loan projects.

In response to overseas criticisms, the Japanese Government now conducts almost all biddings in yen-loan projects on "general untied basis [ippan untied-ka]," thus opening them up to companies of other industrialized countries.

Encouraged by this and by falling competitiveness of Japanese companies because of the strong yen, major American and European companies are seriously going out for this low-risk yen-loan project market. To Japanese industry for which the yen-loan projects have been opportunities to improve overall technological competitiveness, however, the fall of its share of business comes nothing less than a crisis. The industry is urging the government to do something about this.

The Japanese Government has expanded the practice of not tying yen-loan projects [to Japanese companies] to heighten the transparency of official development (ODA) programs being carried out, and thus has made yen loan projects more accessible for non-Japanese companies. The ratio of biddings open to foreign corporations increased from 51 percent in 1986 to 96.8 percent in 1993. Partly compounded by the problem of sharp yen

appreciation, the orders landed by Japanese companies in the projects fell from 67 percent in 1986 to 29 percent in 1993.

Since many of the orders landed by Japanese general trading companies are subsequently subcontracted to corporations in Europe and the United States, the Ministry of International Trade and Industry thinks "the Japanese companies' share of orders in fact has fallen below 15 percent," and notes that the falling trend continued into 1994.

GE's landing an order for two large 500,000-kw steam turbines for Tenaga National Corporation (former Malaysia Electric Power Corporation) in Malaysia in November has come as a shock to Japanese industry. It was a yen-loan-based project to install Number 5 and six machines in a power station in the Port Kelang area. Mitsubishi Heavy Industries Ltd. had manufactured and supplied all of the plant's previous machines—Numbers 1 through 4.

An international bidding for it was held in June last year [as published], and Mitsubishi took part along with GE and Parsons of the United Kingdom. Offering more than 30 billion yen for the project, Mitsubishi was the third lowest bidder, and GE won it for 25 billion yen. The difference in bidding prices was decisive.

It was the first time that GE independently won a yen-loan project order, and the company is said to be considering bidding in all other major projects in Asia, which include those for Phu My Thermoelectric Power Station in Vietnam to which yen loans will be made available once again, and Faridabad Complex power generation facilities in India.

American and European companies are coming into the rapidly growing plant and equipment markets of Southeast Asia and China in large force. A merit of gaining orders in yen-loan projects is that the companies need to be concerned about procuring necessary funds to carry out the projects, and, as such, the market of 657.4 billion yen a year (actually implemented amount in 1993), has become a big field of competition for the companies. Given the conditions, Japan Plant and Equipment Association (Chairman Tsutomu Kanei) has called on the government to review the issue, insisting: "The ratio of orders given exclusively to Japanese companies in certain projects—like those concerned with environment—should be raised."

#### **Panel Devises Framework on New Oil Import Law**

*OW1212103394 Tokyo KYODO in English 0932 GMT 12 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO—A Japanese Government advisory panel on Monday [12 December] crafted a framework of new rules for imported petroleum products to be adopted after the current law limiting importers to oil refiners is scrapped.

In a final report submitted to the minister of international trade and industry, the Petroleum Council proposed higher quality standards and stricter regulations on petroleum storage by new entrants into the industry to ensure a stable supply of high-quality products after the current law is abolished.

Repeal of the law is expected to promote entry into the oil import business by trading houses and other ordinary companies, intensifying competition with major oil refiners and thus narrowing substantial price gaps between domestic and overseas purchase prices of gasoline and other petroleum products.

The Ministry of International Trade and Industry (MITI) will present a set of bills to the next ordinary session of the parliament starting in January for enforcement in March 1996 when the current law governing oil imports expires.

The proposals are intended to spur competition with cheaper-priced foreign products, a MITI official told a news conference.

At present, Japanese consumers pay roughly four times as much for gasoline as their U.S. counterparts.

In order to compete with imports, Japanese refiners would be forced to make further cost-cutting efforts, which could in the long run reinforce their financial standing, the official said.

The council also recommended that a system to designate operation areas of gas stations be totally abolished at the end of October 1996 to make them economically more efficient and competitive.

The report described the designated system as a practice curbing competition.

At present, 44 areas are designated as places where new operations of gas stations are restricted as a way to prevent excessive price competition.

On petroleum storage regulations, the council proposed beefing up rules so new entrants are required to make provision for the same level of petroleum stockpiling as oil refiners.

Specifically, it proposed scrapping an existing stockpiling rule in which importers are not required to make oil provision if their annual imports are less than 10,000 kiloliters.

Any importers—refiners and trading houses—should uniformly stockpile a certain amount of supply, the council said.

How to set a minimum stockpiling amount for a certain day should be calculated based on the actual imports in the nearest 10-month period instead of imports for the previous year, the council said.

As a way to prevent possible deterioration of product quality under the free import environment, the council

recommended any importers purchase products meeting the Japan Industrial Standard (JIS).

Those importing products not meeting the standard should make an adjustment of the ingredients after importation, the council said.

The JIS requirement set ingredient of sulfur at 0.01 percent or less of gasoline and that of benzene at 5 percent or less of the same product.

### Defense Industry Divided Over TMD Program

OW1012114394 Tokyo ASAHI SHIMBUN in Japanese  
8 Dec 94 Morning Edition p 11

[FBIS Translated Text] While the Defense Agency [DA] has started to move on the Theater Missile Defense (TMD) concept by requesting that 20 million yen in research funds be included in the 1995 budget, views on the U.S.-proposed defense concept are beginning to become divided. While there are some in the defense industry who are hopeful that this will bring new business opportunities, others are concerned that if the shrinking defense budget is used to fund the TMD, regular equipment orders will fall. Still others question the military effectiveness of such a concept. During the course of Diet deliberations on the funds request, it is likely the TMD concept will become a point of contention.

The eight heavy industry- or electric machinery-related companies participating in the "Air Defense System Research Committee," which formed in September and whose primary interest is the TMD program, has set up four specialty divisions, such as the committee's overall system division and sensors division. It is currently studying the possibility of utilizing existing equipment and systems in the concept as well as the costs for building the TMD system, which is said to be "in the neighborhood of a trillion yen." The committee is due to hold its third plenary meeting in late December to finalize an intermediate report.

Under the conventional system, interceptor missiles are assumed to explode in the vicinity of oncoming enemy missiles, while under the TMD concept, the interceptor missiles are expected to hit the enemy missiles directly. Even though U.S. manufacturers will develop the missile parts, the development of techniques to compute the time of enemy missile interception through computers and the improvement of precision of sensors will be major issues in the program.

The technology involved mostly belongs to the electric machinery manufacturers' domain. An official from a major electric machinery manufacturer participating in the research committee expressed his enthusiasm, saying: "There should be business opportunities for the electric machinery manufacturers."

Mitsubishi Heavy Industries Ltd., which is currently under licensing for producing control systems and

launching equipment for Patriot missiles, is also looking forward to the program, with executive director Yutaka Hinone saying: "Even where missiles themselves are concerned, there is a room for us to get involved in research and development." The basic thinking of Mitsubishi and several other companies is that if Japan wants to participate in the licensed production of TMD equipment, which will use improved versions of the Patriot missile, it needs to make some kind of contribution.

On the other hand, many other heavy industry-related companies, such as Kawasaki Heavy Industries Ltd., are wary about the program. Kawasaki Managing Director Ryoza Tsuchii said: "It does not mean that tanks, fighter planes, or ships will become useless. This will not mean that the TMD is all we need." As far as the aircraft industry is concerned, in FY94 when two Airborne and Warning Control System (AWACS) planes were purchased, orders from domestic manufacturers fell to 182.8 billion yen, or about half the 1990 level. For the aircraft industry, which depends on defense procurement for 70 percent of its orders, having its budget reduced by the TMD will come as a great shock.

When the Strategic Defense Initiative (SDI) program was pursued in the past, Japanese manufacturers conducted their research and development with funds provided by the U.S. Government. But the TMD concept is not for defense of the U.S. continent, and is aimed at defending the perimeters of Allied countries where U.S. Armed Forces are stationed. That being the case, the United States insists that Japan should contribute funds to it. Besides, according to most defense-related officials, with the U.S. defense industry budget shrinking, U.S. demands on Japan with respect to the TMD and other projects are expected to grow.

#### **Nuclear Arms Not Illegal Under International Law**

*OW1012091694 Tokyo ASAHI SHIMBUN in Japanese  
9 Dec 94 Morning Edition p 2*

[FBIS Translated Text] During the 8 December session of the House of Councillors Health and Welfare Committee, Prime Minister Tomiichi Murayama virtually followed the previous governments' stance that the use of nuclear arms "cannot be called illegal under existing international laws." In reply to a question by Councillor Noriko Hayashi of the Japan Communist Party, Murayama stated: "I have never said the use of nuclear arms is a violation of international law. There are various opinions on the use of nuclear arms, but the only thing I can say is that it must not ever happen again."

Asked about a contradiction between his remarks and the Social Democratic Party of Japan's [SDPJ's] earlier resolution ruling out the use of nuclear arms, Murayama said: "Under a coalition government, the SDPJ cannot always realize its own opinions."

#### **Opposition Alliance Sets Out for 'New Frontier'**

*OW1012072894 Tokyo KYODO in English 0652 GMT  
10 Dec 94*

[By Takahiko Kajita]

[FBIS Transcribed Text] Yokohama, Dec. 10 KYODO—Japan's principal opposition alliance set out on Saturday [11 December] for a new frontier in politics, but it appears to have already lost its way and wandered into the lawless jungle.

Shinshinto (New Frontier Party), the result of a merger of nine noncommunist opposition forces, exposed its fragility prior to its departure while picking the first commander in chief of the nation's second largest political party.

Although former Prime Minister Toshiki Kaifu was elected the leader of Shinshinto, which aims to snatch power from the three-way coalition government of Prime Minister Tomiichi Murayama, the result was largely expected.

As Ichiro Ozawa, the master architect and strategist of the new party, drew wide support for getting the job of secretary general, second in command, former Prime Minister Tsutomu Hata was not able to head the party.

Reflecting the proclivity toward power-sharing among the founding forces of Shinshinto, it was unpardonable for Hata to obtain the top party post with Ozawa in the No. 2 position, because the two were of the same group.

However, some former allies of Ozawa rebelled against him. Opposed to Ozawa's allegedly strong-armed political approach and behind-the-scenes maneuverings, they rejected his assumption of the powerful secretary general post.

The anti-Ozawa group fielded Hata, who enjoys high popularity within the opposition bloc, especially among junior legislators, as a candidate for Shinshinto chief in a foiled attempt to keep Ozawa from the No. 2 position.

But their tactic came to naught. Ozawa stood for election of secretary general and gained the post single-handedly as he was the only candidate.

And Hata's crushing defeat in the election for the top post exhibited Ozawa's, not Kaifu's, clout within the union, marking the end of the relationship between Hata and Ozawa as long-time allies.

Although Hata agreed to support Kaifu as a deputy leader of Shinshinto, the anti-Ozawa group's resentment is expected to cast a cloud over the future course of the just-established party.

Behind the wide support for Ozawa as secretary general lurks many lawmakers' pressing need to survive the next general election to be contested under a new polling system that combines single-seat voting districts with proportional representation.

It is indisputable that Ozawa is the only man within Shinshinto who can deal squarely with electioneering, including collection of campaign funds, and steer the grand opposition party to the reins of government.

As about 40 percent of 180 House of Representatives members of Shinshinto are new in the Diet and therefore have yet to build the solid support base in their home districts, Ozawa's election strategy is of utmost importance to them.

The merger of the major opposition forces into a single entity was also originally Ozawa's idea.

With the winner-take-all nature of the new electoral formula in favor of big parties, Ozawa has concentrated his efforts to unite all noncommunist forces into one group to challenge the Liberal Democratic Party (LDP), the largest party in Japan.

Despite its inauguration, however, Shinshinto's road to grabbing power appears to be bumpy, partly because Murayama has repeatedly said he has no intention of dissolving the lower house for a general election through the fresh method.

Another reason is that the party has so far failed to win voters' hearts.

A general election need not be called until the summer of 1997 and many political insiders and analysts expect it to come next year.

One scenario is Murayama will have to resign as chairman of his Social Democratic Party (SDP) and premier and call an election after the SDP suffers heavy losses in the two polls—the united local elections in April and the House of Councillors election in July.

The SDP alienated its supporters following the recent 180-degree shift in its traditional policies over defense, national security and nuclear power plants and is widely expected to die out soon unless it finds ways to tip the scales in its favor.

At present, many predict an early general election will ensure a great triumph for the LDP, a key component of Murayama's coalition, and the resurrection of the LDP's single-party rule.

To defuse public criticism of its similarity in major policies with the LDP, some party leaders say, Shinshinto should endeavor to present specific, fresh-looking policy proposals while developing an election manifesto.

"I don't think we can debate over policy matters with Shinshinto as it is now, because they think about nothing other than elections," an LDP legislator said.

#### **Poll: Approval Rating for NFP 17 Percent**

*OW1012005994 Tokyo MAINICHI SHIMBUN in Japanese 8 Dec 94 Morning Edition p 1*

[FBIS Translated Text] A MAINICHI SHIMBUN poll has found that 17 percent of voters questioned said they

support the New Frontier Party [NFP], which will be inaugurated on 10 December, while 36 percent said they do not. This nationwide survey was conducted in early December on 4,000 eligible voters.

Asked about a new party the Social Democratic Party of Japan [SDPJ] plans to form by gathering democratic and liberal forces, 17 percent said they place their hopes on the new party, while 40 percent said they do not. The results of the poll, which was conducted prior to the inauguration of these two new parties, show that the general public is reacting coolly to moves to form new parties, indicating that a trend among people to place their hopes on new parties, which has been seen since the House of Representatives elections last summer, is diminishing.

The inauguration of the NFP by opposition parties and the formation of a new party by the New Democratic League, a group within the SDPJ, are considered moves which would "trigger" political reorganization. Asked whether they support the NFP, 51 percent of female voters surveyed said: "I do not know." Fifteen percent said they support it and 31 percent said they do not. Meanwhile, 20 percent of male voters approved of the NFP while 42 percent disapproved.

By generation, 27 percent of male voters in their seventies gave their support to the NFP. The support rate was the highest compared to those given by other generation groups. The younger they are, the less support they gave.

#### **Kubo To Urge Forming Anti-LDP, Shinshinto Bloc**

*OW1312112094 Tokyo KYODO in English 1048 GMT 13 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO—Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] Secretary General Wataru Kubo has drafted a strategy paper urging the SDP to remain in power by transforming itself into a third bloc "which is anti-Liberal Democratic Party and anti-Shinshinto (New Frontier Party)."

KYODO NEWS SERVICE obtained a copy of the draft Tuesday [13 December].

The strategy will be proposed to a national convention of local SDP deputies slated for Sunday if the SDP's central committee endorses it at a meeting Thursday, SDP officials said.

The draft calls for making the proposed new party, comprising "democrats and liberals," a third political bloc that would "stand up to" the conservative political tenets held by both the LDP and the four-day-old largest opposition Shinshinto.

Although the draft rules out any amalgamation with the two parties, it suggests the strategy of forming a coalition with either of the pair by saying the new party would "always take part in government and remain in power."

"It has become the most critical political mission for our party to unfurl the banner of a third bloc that will stand up to the two major conservative parties," the draft says.

"Our party would seek to muster the support of voters" by transforming itself into a "new democratic, liberal party," it says.

To this end, the SDP should call a party convention "as speedily as possible" and formally adopt a "1995 manifesto" and the strategy of transforming itself into a new party, it says.

The manifesto is a set of principles proposed earlier by Kubo as a possible platform of a new party. It includes a ban on Japan's involvement in UN peacekeeping missions that require the use of force.

The draft blasts Shinshinto for aiming to implement "neo-conservatism and a mighty state," in apparent reference to its alleged readiness to assume a higher profile in UN peacekeeping missions.

The draft also raps the LDP for failing to renounce its conservative thinking, saying, "we have to be aware that the LDP will never change itself from a conservative party to a party with a different set of ideals and thoughts."

#### **Makeshifts Urgently Needed for FY '95 Budget**

*OW1312043394 Tokyo KYODO in English 0419 GMT  
13 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO—Finance Minister Masayoshi Takemura said Tuesday [13 December] the government has to continue postponing several annual payments as makeshifts in compiling a budget plan for fiscal 1995 in order to avoid issuing deficit-covering bonds.

Takemura said at a press conference after a regular cabinet meeting, "the extraordinary financial situation requires us to take urgent steps by borrowing and postponing several payments."

"The problem is how to make up for a gap between government expenditures and revenues, say, some 7 trillion yen. We want to avoid issuing deficit-covering bonds at any rate," Takemura said.

At the same time, Takemura pointed to the importance of clearly explaining to people such complicated makeshift measures to secure revenues in an emergency, while adding the government has no intention of keeping such legitimate steps secret.

Meanwhile, Takemura said the government plans to discuss important budgetary issues, such as taxes and projects under the jurisdiction of several ministries and agencies, before the finance ministry submits its budget plan on Dec. 20. The government is scheduled to endorse the budget plan on Dec. 25 at a cabinet meeting.

#### **Murayama Government Said Holding MOF Under 'Siege'**

*OW1012143394 Tokyo SHUKAN DAIYAMONDO in  
Japanese 10 Dec 94 p 18*

[FBIS Translated Text] The hot year-end topics in Nagata-cho are the selection of the party head for Shinshinto [New Frontier Party] and the future of the New Democratic League. At the same time, there is another current running deeply and quietly. That is the "siege of the Ministry of Finance [MOF]" by the current administration.

As for the siege, first of all, five scholars have been chosen as Prime Minister Murayama's "brain trust." This type of "brain trust," which was also seen during the Nakasone and Hosokawa administrations, is not something new. But this time, people who profess to be "anti-MOF," such as Rikkyo University Professor Seiichiro Saito, who has long made critical remarks about the MOF, and Hokkaido University Professor Jiro Yamaguchi, who has written such publications as "End of MOF Bureaucrats," are included.

As if to act in concert with this line-up, on 15 November Finance Minister Takemura of Sakigake [Harbinger] made a proposal for a new economic plan. The current economic plan was developed in June 1992 under the Miyazawa Government, and has been in the process of implementation. As a result, this sudden proposal very much surprised Kasumigaseki [the central bureaucracy].

The Economic Planning Agency, which is in charge of this economic plan, is a bureaucratic entity which can be considered "a part of MOF": The MOF sends many administrative vice ministers to it and also has a monopoly on the position of chief secretary. By controlling this agency, the MOF has held the lead in determining the economic plan, and cut off the politicians from the fiscal authority they held.

But Finance Minister Takemura, by proposing his own economic plan, drove a wedge into this "sacred MOF territory." And since then, movements which indicate the presence of a siege have surfaced one after another. First, at the 22 November gathering of cabinet members, an opinion was voiced that the year-end negotiations for revision of [proposed] budget items by cabinet ministers, which had traditionally been conducted at the MOF, should take place at the Prime Minister's Official Residence, rather than at the MOF. The persons who made this proposal were Home Affairs Minister Hiromu Nonaka and Management and Coordination Agency Director General Tetsuo Yamaguchi, among others. This is also a clear manifestation of rebellion by the politicians against MOF control.

In addition, concerning the issue of the Jonan Credit Association's offer of monetary prizes for holders of fixed deposits, the MOF was unable to demonstrate its renowned administrative guidance. And the securities market, which the MOF had been propping up with

"PKO," has also stalled. It seems unmistakable that the MOF, which is the "king-of-bureaucracy," is faced with a great crisis.

But it is still premature to think that the "imperial" MOF is falling. There have been several past moves to decrease MOF authority in the postwar period, since the occupation under the GHQ. But it has survived every time and has instead become more powerful.

Although, the "super" bureaucrat, Administrative Vice Minister Jiro Saito's influence has suddenly dropped, the political world's shadowy commander—former Prime Minister Noboru Takeshita—still has a strong connection with another of the MOF's champions, Tax Bureau Director General Tadashi Ogawa—and others. Further, the close relationship between Takemura and Takeshita (through which Takeshita can moderate Takemura's anti-MOF inclinations) is pointed out by many.

We need to keep a close watch on how the "siege of MOF," which is a very complex situation, develops.

#### **Hashimoto Opposes BOJ Plan for Credit Unions**

*OW1312043494 Tokyo KYODO in English 0417 GMT  
13 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO—International Trade and Industry Minister Ryutaro Hashimoto on Tuesday [13 December] opposed a Bank of Japan (BOJ) plan to set up a special bank to rescue two Tokyo credit unions besieged by bad loans.

"The central bank has stepped to center stage to rescue the two credit unions, but whether such a rescue can be justified or not is a matter to be discussed," Hashimoto told a news conference. Hashimoto was apparently questioning the use of public funds for salvaging private financial institutions.

"In the past, similar problems have been settled via mergers with financially strong parent banks," said Hashimoto, former finance minister. "I cannot fully agree with the latest plan."

The BOJ and the Finance Ministry announced an emergency rescue plan for the two credit unions—Tokyo Kyowa and Anzen—last Friday as a way to maintain credit order and the protection of depositors.

The plan calls for the central bank, the Tokyo Metropolitan Government and private financial institutions to jointly set up a special bank as early as February to absorb the two credit unions. It is the first time for the BOJ to provide its funds for the rescue of financial institutions since 1965. However, Hashimoto warned against setting precedents, asking, "if a similar case happens in the future, what would the BOJ do?"

#### **Economy To Grow by Two Percent in FY95**

*OW1212102794 Tokyo KYODO in English 0832 GMT  
12 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO—Japan's economy is expected to grow moderately by a

real 2.0 percent in fiscal 1995 with its pace of recovery slowed down by effectively high interest rates, a private research institute said Monday [12 December].

Under the present deflationary situation, high real interest rates may adversely affect recovery in capital spending and also send the yen higher against the dollar, the Research Institute on the National Economy said in a short-term economic forecast for fiscal 1995 starting next April 1.

"Given a deflationary trend is weakening the energy of economic recovery, it is necessary to send short-term interest rates lower," said Junji Narita, a senior economist at the institute.

The institute, however, predicts the central bank will continue to maintain its neutral monetary stance, and therefore, long-term interest rates could rise and spoil the appetite for capital investment.

As favorable factors, the institute cited continuing yearly increases both in industrial production and machinery orders since June, and recovery in sales of automobiles and private-sector consumption.

It also expects capital spending to increase on a yearly basis in fiscal 1995 for the first time in four years, though at a tiny 1.5 percent growth rate.

Japan's exports will be on a moderate upward trend due to continuing strong overseas economies, while imports will further increase on the back of the economic recovery, helping to reduce the current-account surplus by about 9 billion dollars, it said.

A huge accumulated surplus, however, may bring the yen up against the dollar, it said, predicting the exchange rate to be 96 yen to the dollar in fiscal 1995.

Meanwhile, the Shoko Chukin Bank forecast real economic growth in fiscal 1995 at 1.8 percent on the assumption of a real 2.5 percent economic growth in the United States, an exchange rate of 103.9 yen to the dollar and a crude oil price of 18 dollars per barrel.

#### **EPA on Economy at 'Mild Pace'**

*OW0912003494 Tokyo KYODO in English 2340 GMT  
8 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 9 KYODO—The Japanese economy is on a recovery course and moving at a mild pace, the Economic Planning Agency [EPA] said in a monthly report on Friday [9 December], acknowledging a further improvement from the previous month.

"The wording was changed to say the economy is clearly in the process of recovery," said an agency official.

In the previous month, the economy was described as "heading toward a recovery at a gradual pace."

The official said the change from the previous report was due primarily to three reasons.

The first is that, as the agency declared in mid-November, Japan's most recent recession ended in October 1993 and the economy has since shown an improvement.

The second is that the continuity of such improvement was confirmed by the July-September gross domestic product (GDP) figures released last Friday showing quarter-to-quarter growth for the third quarter in a row.

And the third was that personal consumption keeps improving, the official said.

In the latest report, the agency noted that personal spending is recovering, with household spending apparently rising for the fourth consecutive month in September, and spending on such durable goods as automobiles and electric appliances is picking up.

The personal income situation is also improving as overtime pays are increasing, the report noted.

Housing starts are moving at high levels, while industrial output is slowly increasing and its outlook for the coming months is not bad, the report showed.

Areas for concern include corporate capital spending which shows only sporadic improvements depending on the industry, and the employment situation which is still severe, the report added.

#### **Komura on State of Economy**

*OW0912040094 Tokyo KYODO in English 0243 GMT 9 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 9, KYODO—The Japanese economy is continuing its recovery trend, Masahiko Komura, chief of the Economic Planning Agency (EPA) said Friday [EPA].

Speaking to reporters, Komura was commenting on the EPA's monthly economic report released earlier in the day. The report used the words "recovery trend" in describing the Japanese economy for the first time since the onset of the recession in late 1991.

The previous monthly report described the economy as "heading towards recovery at a gradual pace."

"The wording was made slightly more positive to reflect a significant improvement in the July-September real gross domestic product," Komura said.

Personal consumption is also recovering, Komura said.

But he warned against too much optimism. Among other negative factors, Komura said that the yen-dollar exchange rate was "a lingering concern" for the economy.

Komura said the yen depreciated against the dollar recently.

"But I still don't think the current yen-dollar exchange rate reflects the fundamentals of the Japanese economy," he said.

He said the strong yen remains a concern in view of the advancing "hollowing out" among Japanese corporations.

Japanese companies, especially export-oriented ones, are shifting production base to labor-cheap Asian countries as a way of minimizing negative effects on business performance from the strong yen.

On the government's economic growth target for fiscal 1995, Komura said his agency is coordinating views with other ministries and agencies concerned.

"I have no idea of a specific growth figure for the next year at this moment," Komura said.

Some newspapers said the government has agreed to set the GDP growth for fiscal 1995 at the 3 percent level against 2.4 percent for this year.

#### **Tokyo To Set 2.7 Percent Growth Target for 95**

*OW0812141294 Tokyo KYODO in English 1332 GMT 8 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO—The government is putting the final touches to an economic growth projection for the next fiscal year calling for an inflation-adjusted growth of about 2.7 percent, government officials said Thursday [8 December].

The projection, tallied on gross domestic product or the total value of goods and services produced at home, will serve as a growth target for fiscal 1995 starting next April.

The projected pace of growth, which will translate into the higher half of 3 percent on an unadjusted basis, is faster than projections made by private think tanks which range from 0.6 percent to 2.2 percent.

Government officials involved in work on making growth projections, notably those at the Finance Ministry, tend to seek a higher growth rate so that they can count on higher tax revenues in drafting a national budget.

But this time the Finance Ministry is not so strong on doing so as it has been criticized for seeing revenues fall short of estimated levels in fiscal 1993 for the second year in a row as a result of its failure to project economic growth exactly.

Other officials involved are those at the Ministry of International Trade and Industry (MITI) and the Economic Planning Agency.

MITI officials, fearful of a prolonged slump in corporate capital spending, are calling for a lower growth projection this year, the officials said.

Measured on gross national product which includes income from abroad, projections under consideration call for about 2.8 percent on an adjusted basis and around 4.1 percent on an unadjusted basis, the officials said.

The tripartite talks are also dealing with a review of the inflation-adjusted 2.4 percent growth projection for the current fiscal year, which the officials said is likely to be revised downward to 1.6 percent. These growth projections will be reported to the cabinet Dec. 20, the day when the Finance Ministry presents its draft budget for the next fiscal year, the officials said.

### **'Price Destruction,' Drastic Measures Viewed**

952A0105A Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Oct 94 p 19

[Article by Iwao Nakatani, Hitotsubashi University professor: "Price Destruction a Historical Necessity: Deflationary Effects Temporary, Specialization of Production With Asia Indispensable"]

[FBIS Translated Text] 1. Price destruction is a global phenomenon emerging from global pricing (the phenomenon of one price for each thing on a global scale) due to the East-West Cold War's coming to an end, the information age, globalization, and deregulation.

2. In the near term, price destruction will have deflationary effects, but in the long term, it will be a plus for advancing the Japanese economy's structural reform by raising real purchasing power, rationalizing distribution, and renovation of business.

3. As to measures for dealing with it, what is needed is implementation of a package of macro economic measure to offset the deflationary effects and further promotion of deregulation including tightening of the antimonopoly law for the government. And for business, it needs bold industrial reform to boost the shifting of conventional one-set type of industrial structure of the domestic self-sufficient type to a specialized system with Asian countries and to enhance the nonprice competitive power such as innovative technologies and softwares.

### **"One Thing, One Price" on Global Scale**

The end of the East-West Cold War is now having huge effects on the global economy. Standard products that the cheap labor power of the former East bloc countries make are flowing into the western world and beginning to bring about a pricing revolution on a global scale.

Furthermore, the rapid spread of information by the computerization and deregulation, and the global spread of production technology are spurring these currents. As a result, not only in Japan but also in Europe and the United States, we see the price destruction phenomenon. Including the unsuitability of the term itself, there are many critical comments on price destruction such as that it destructs conventional business ethics, it will ensnare

Japan's economy in a deflationary spiral (a vicious cycle of falling commodity prices and recession), etc. On the other hand, there is also a strong view that price deconstruction movements will bury any great domestic/foreign price margins between Japan and the Western countries such as Europe and the United States and will contribute to structural reform of Japanese economy, and therefore, it is desirable in the long run.

Whichever view is held, what is important is to be aware that the pricing revolution under way is, in a sense, an irreversible historical phenomenon. The debate might well be advanced from the viewpoint of how to minimize the negative aspects that price destruction brings and how to make real its positive aspects.

For Japan, China is becoming the price setter for standard industrial products and is shaking the competitive structure for Asia as a whole. Not just in such light industrial items as textiles, but even in such relatively high-tech industrial goods as ASEAN household appliances, Korean semiconductors, steel, and Taiwan's personal computers, global pricing that carries through the principle of a global one item/one price is accepted generally, and it is directly affecting the Japanese business.

Needless to say, the spread in the domestic/foreign price margin because of the high yen's advance is far more severe in Japan than in Europe and in the United States. In the past, domestic transactions had operated with price paid and price received interlinked; therefore, no large price adjustments were necessary. Even if the price paid were high, the margin could be secured as things stood if the price received also was high.

However, if in countering price destruction, one seeks to keep market share by cutting prices, there will be price-system "imbalance" because only the price received goes down without the price paid falling.

If industry tries to keep its profit rate fixed, it will need to have prices paid drop in line with the drop in prices received. As is often pointed out, however, there are limits under Japanese employment practices to shaving labor costs. Also, it will take time to break up such long-term ties as the "keiretsu" [exclusives business ties] and to set out to procure from cheap sources abroad. While selling prices fall sharply because of global pricing, purchase prices (labor costs and prices for buying from other firms) cannot be lowered in the short term.

With this, stagnation in business earnings becomes prolonged so that ultimately the firm, having exercised restraint to the point where "necessity knows no law," comes to consider such drastic measures as laying its hands on the sacred cows of employment or its past "keiretsu" buying routes. Actually, many Japanese firms have gradually begun taking up these structural adjustments, but such moves are a major cause for business recovery being delayed.

Meanwhile, consumers are upping their real demand due to the increase in their real buying power from the fall in prices. Therefore, this links up with expanding production and improving performance for businesses that succeeded in cutting costs by rationalizing. Employment also will recover in such business and industry.

Yet, whether or not real consumption demand actually increases may depend on the degree of nominal disposal income decline by such things like firms' employment and wage adjustments to cope with falling prices, like declines in capital income because of dividend rate declines, and so on. If the range of nominal income decline equals or exceeds that of price declines, price destruction may not tie into increases in real demand.

#### **Government Should Implement Measures To Support Demand**

Thus, to hold price destruction's deflationary effects to a minimum, the need emerges for implementation of vigorous government measures to support demand. If this succeeds, the chances are good that the effects of price drops can be linked into an expansion of real demand and can wipe out the deflationary effects brought on by price destruction.

In the existing situation where price destruction is under way, the active mobilization of macroeconomic policies is absolutely needed to ameliorate the damage in this kind of transitional period. At the same time, to achieve the structural reform by which the Japanese economy has dealt with the age of global pricing, the positive promotion of needed regulatory abatement must not be forgotten, either.

Lately, there are some critics and academicians who stress that easing regulations brings on large deflationary effects and therefore take a cautious stance toward regulatory abatement. What they are definitely missing may be the point that they just insist on caution in easing regulations and have no positive proposals on the problems the Japanese economy is currently shouldering—the inefficiencies of regulated industry, steeply rising costs of domestic procurement because of a spreading domestic/foreign price margin and business's declining competitiveness, hollowing out, record stagnation in the new business start-up rate, etc.

Over the short term, to be sure, deregulations and price drops may have a deflationary effect. However, I cannot believe the Japanese economy can adapt to the global pricing era without a "surgical operation," so to speak. If the macro policies of the transitional period are implemented properly, the promotion of regulatory relief and the evolution of the pricing revolution may bring great positive effects for the Japanese economy in the long term, such as making Japan's distribution system efficient and raising productivity by advancing the business revolution.

Still, it goes without saying that, in pushing deregulation ahead, infrastructure improvements must be advanced

to make the market economy function normally. These include strengthening the antimonopoly law, thoroughness in disclosing information, and improvement of the product liability law.

Needless to say, government policies alone would be inadequate to bring forth such long-term positive effects. Appropriate responses to the era of global prices are indispensable on the industry side.

First of all, a major conversion in thinking is needed which, by opening up globally the past "keiretsu" dealing among domestic firms that has been criticized as closed, will build a system of horizontal specialization with Asian nations.

In postwar Japan a "full-set" type industrial structure was built up wherein, after having imported crude oil and iron ore, almost everything was procured domestically, processed, and then sold. However, with the arrival of the global pricing era, it has become indispensable that we not persist in procuring only within Japan but look at the whole world and procure from the most efficient source.

Actually, such moves are accelerating. The personal computer industry now has commissioned production of most of its personal computer components in Taiwan, and global bases for household appliance production have shifted to the ASEAN nations and China. Even Tsubame City in Niigata Prefecture, noted for its local production of western tableware, orders its steel from Korea, where it is cheap, and shifts the final polishing to China or Vietnam so that it is beginning to get away from the "full-set type" of business. Instead, it is groping toward a strategy of having its marketing spread throughout all parts of Asia and so making its sales volume leap far beyond what it has been so that the volume of work in Tsubame will not decrease.

What these examples make clear is that there probably is no future for the internally completed mode of Japanese "keiretsu" transaction of the past. Even "keiretsu" transaction has had its merits, but hereafter it will need the new concept of extending overseas, at least into the Asian region and devising its survival within global networks.

#### **Probe the Essence of Japanese Management**

A second approach to coping with global pricing is to sustain superiority by developing original products and services that cannot be copied elsewhere in East Asia. For this, not the catch-up type of progressive improvements which Japanese industry has prided itself on in the past, but the development of original concepts themselves will be indispensable.

We cannot block the spread of global pricing from East Asia merely by borrowing original ideas from others and making modest improvements, nor would that be any way, for example, to grasp world leadership in the multimedia industry, which is seen as the big industry of

the 21st century. Many Japanese firms are trying to achieve self reform by aiming for such a course, but their moves are slow. The reason is that it would be cutting into the substance of Japanese-style management which has continued through the postwar era.

Arrangements that previously were taken as strengths of Japanese business, such as the focus on en-bloc hiring of uniform recent graduates and the system of egalitarian ratings stressing balanced capabilities such as cooperativeness rather than the special abilities that can produce original concepts, may be considered effective for countries in the catch-up stage such as those of East Asian countries, but they perhaps have more negative aspects for Japan.

The devices of Japanese management clearly were valid up through the 1980's when Japan was in the catch-up stage. Now that we have become a nation which has graduated from the catch-up stage and are the country with the world's highest costs, we may be unable to expect further economic development if we cannot achieve genuine global specialization and the creativity of original concepts.

How do we withstand full-fledged global specialization and produce talented persons who can create original concepts? The price destruction phenomenon, indeed, is thrusting such profound and not readily resolved issues onto Japanese business and Japanese society as a whole.

#### **Fiscal Restructuring Necessary for Municipalities**

952A0187B Tokyo NIHON KEIZAI SHIMBUN in  
Japanese 28 Nov 94 p 2

[Editorial: "Searching Inquiry Into Rigid Municipal Finances"]

[FBIS Translated Text] The fact that inflexibility in municipal fiscal situations has intensified has been revealed by the analysis of fiscal year 1993 nationwide municipal fiscal reports based on the NIHON KEIZAI SHIMBUN NEEDS-ADB (area data bank). The analysis indicated an increasing dependence on regional government bonds and the flashing of amber lights regarding fiscal management.

The ratio of current income to current expenses, which is an indication of the flexibility of the fiscal situation, fell to the lowest level since the strong yen recession of fiscal year 1986 and has deteriorated sharply. Municipalities that fell below 80 percent, which is the point at which fiscal flexibility is considered to have been lost, stood at 33 percent, double that of the prior fiscal year.

Revenues in the form of taxes registered the lowest growth rate since the survey was initiated in fiscal year 1975. The issuance of regional government bonds rose sharply to compensate for tax revenue declines and the ratio of such funding relative to overall revenues rose to

a level second only to that of fiscal year 1979 when the fiscal situation declined because of the second petroleum crisis.

Among expenses, repayment of debt covered by government bond expenses grew to the highest level in 15 years. This factor weighed on the fiscal situation and led to the worsening of the balance of current transactions.

Although the economy is believed to have bottomed out, the recovery is slow and not much in increased revenues can be anticipated for fiscal years 1994 and 1995. On the contrary, factors are expected to continue for a while which will cause more fiscal inflexibility such as an increase in expenses associated with bonds.

Hope is placed on the restructuring of regional fiscal management as well as the role it will play in the area of economic countermeasures. The effective use of limited revenues dictates the necessity of thorough restructuring.

One municipality that is taking major action in the area of restructuring is Nagano, which will be sponsoring the 1998 Winter Olympics. The contracting out of public works operations to a private-sector firm reduced the ratio of personnel expenses to a point where they were the lowest among all municipalities nationwide in fiscal year 1993.

Faced with an incremental increase in maintenance and management expenses owing to the completion of the Olympic facilities, it made a decision to reduce by 10 percent its general account spending under the fiscal year 1995 budget request from initially estimated figures for this year. Reducing ever-increasing government expenses called for drastic measures like this.

Contracting out trash collection and school lunch operations is also effective in reducing personnel expenses. The concept of municipal employees handling all governmental services has its limits.

There is a need to make cuts not only in the area of trade skills, but in the administrative and management areas as well. Municipalities have experienced an increase in executive positions such as chief editors and chairmen of examining boards established for the sake of better pay treatment, that are separate from first-line supervisors. There is a need to simplify organizations and executive positions of this nature.

At this time when there is no hope for realizing growth in general fiscal resources such as local taxes and there is a tendency for recurring expenses such as for public debt servicing to increase, the fastest way to maintain fiscal flexibility is to restrain the ratio of personnel expenses.

#### **MITI Challenged on Administrative Procedures Law**

952A0188A Tokyo NIHON KEIZAI SHIMBUN in  
Japanese 23 Nov 94 p 5

[FBIS Translated Text] On 22 November, the Keidanren publicly disclosed information on an action by the

Ministry of International Trade and Industry [MITI], which was suspected of violating the Administrative Procedures Law relative to an application from a municipal gas utility to expand its service area. The application had been submitted by Amakusa Gas, a Kyushu distributor located in Motowataru-shi, Kumamoto Prefecture, to the Kyushu Regional International Trade and Industry Bureau which had refused to accept the application, resulting in the appeal to the Keidanren after Amakusa Gas had come to its wit's end. The Keidanren had come to the assumption that a violation of the law arose from the fact that there was no basis for the guidance issued and the rejection of a request for documentation of the nature of the oral guidance. The regional bureau informed Amakusa Gas on 22 November that "it had already received the application," and stressed that it had not violated any laws, but on the evening of 22 November said, "We regret having given the impression of violating the Administrative Procedures Law."

On 1 October, Keidanren had established a window in the form of an "administrative guidance 110 telephone number" for accepting cases and complaints of obscurity and unfairness in the implementation of the Administrative Procedures Law, permit applications, and government procedures. Amakusa Gas appealed to the 110 number.

Amakusa Gas mailed an application to expand its service area to the regional bureau on 1 October in response to requests from consumers for municipal gas service. It was contacted by regional bureau personnel and officers met with them on 4 October. During that meeting, Director and Chief of General Affairs Department Otsuka of Amakusa Gas states, "I was clearly told" the bureau could not accept the application unless it was accompanied by a report explaining that the company had held preliminary discussions with the regional propane gas distributors.

Reportedly, propane gas distributors, because they are small and medium firms, are protected by the regional bureaus so that their operations are not jeopardized by competition from municipal gas distributors. Under that approach, the custom was for municipal gas distributors to conduct preliminary consultations with local propane distributors when expanding their operations. Amakusa Gas questioned such guidance and asked that the nature of the guidance be put in writing, but the request was rejected.

One month later, on 7 November, Amakusa Gas placed a telephone call and asked once again that the application be accepted. It was again rejected, and on the 8th it mailed the application a second time.

The Administrative Procedures Law stipulates that an examination of applications will be initiated immediately following their receipt in the government office. The law provides that when administrative guidance without a legal basis is received, a request can be filed for

documentation of the nature of the guidance, and that government authorities are obligated to issue the written guidance. Thus, in this case, the Keidanren assumed that violation of law had occurred, and in the evening of 21 November notified MITI prior to publicly disclosing the case.

In response, regional bureau Public Utilities Department Gas Operations Division chief Narita on 22 November argued, "We notified Amakusa Gas that the drawings were deficient and told them that the application had been received on 9 November. We merely asked them to submit a report to be attached to the application. We were never asked to provide our guidance in writing." However, the Administrative Reform Promotion Section of Keidanren believes, "It appears that MITI scrambled to take action after being given advance notification on the evening of 21 November."

Amidst the confusion, MITI has taken such action as the issuance of a bulletin on the 24th in the name of the ministry's secretary general addressed to bureau chiefs calling for thorough briefings on the Administrative Procedures Law. Additionally, MITI intends to issue a bulletin in the name of the Public Utilities Department chief specifying that expansion applications from municipal gas distributors merely must be preceded by advance notices to local propane distributors.

#### **Amakusa Gas Dispute With MITI Outlined**

*952A0187A Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Nov 94 p 2*

[Editorial: "Rectifying Bureaucracy Through Administrative Procedures Act"]

[FBIS Translated Text] We would like to applaud the Herculean courage of a small corporation. Amakusa Gas, which has 25 employees, services about 5,000 homes, and operates as a gas utility in Kumamoto Prefecture, is receiving words of encouragement from fellow gas distributors throughout Kyushu. The reason is that it used the Administrative Procedures Law as a weapon in outwitting the supervising government agency.

According to Amakusa Gas, the incident transpired in this manner. It was at the beginning of October immediately after the implementation of the Administrative Procedures Law that it mailed an application for permission to expand its service area as a gas supplier, in response to requests from consumers, to the Kyushu Regional Bureau of International Trade and Industry of the Ministry of International Trade and Industry (MITI). Amakusa Gas was then summoned by the regional bureau, which refused to accept the application, saying, "The bureau will not accept the application unless Amakusa Gas conducts a preliminary discussion with propane gas distributors operating in the area covered by the application and attaches a copy of the report to the application."

The law does not impose a requirement to attach a report. Amakusa Gas exercised its rights under the Administrative Procedures Law which allows it to seek issuance of oral administrative guidance in written format, but the bureau officials rejected that request as well.

On 8 November, Amakusa Gas again mailed its application under contents-certified mail. The Administrative Procedures Law provides the government agency concerned must initiate a review of an application "without delay" once it is received, and must "promptly" seek corrective action if the documentation is deficient, but no response had been subsequently received from the bureau.

At that point, Amakusa Gas submitted a report to the window established by the Keidanren for complaints to be submitted to the government in the form of "Administrative Guidance 110" (fax number 03-5255-6234), and on 21 November Keidanren informed the main office of MITI that it would release information on the case to the public. Then, on the morning of 22 November, Amakusa Gas received a fax from the regional bureau seeking corrective action on deficient sections. Amakusa Gas telephoned the regional bureau to confirm receipt of its application and was told that "It was received on the 9th."

The application consisted of 22 pages and three copies of a drawing. The regional bureau reviewed the application "without delay," and requested corrections "expeditiously" about 50 days after initial mailing and about two weeks after the second mailing.

The regional bureau defends itself by saying, "The application was suddenly received in the mail. We were of the perception that we had asked the firm to seek the awareness of the propane distributors of the application and that they had withdrawn the application. We know of no request for written guidance."

The question is, who should we believe? In any event, MITI admits to "Handling of the application in a manner which prompted questions on compliance with the Administrative Procedures Law," and has stated it will summon the Gas Distributors Division chiefs of the regional bureaus to brief them on details of the law.

Coordination between municipal gas distributors and regional propane distributors has been an area of administrative guidance for some time. Many propane distributors are old-time regional residents and it is a common occurrence for regional politicians responsive to the wishes of such constituents to negotiate with government offices to suppress the activities of municipal gas distributors. The choice between municipal gas and propane is a consumer affair and need not be the object of administrative guidance.

The Amakusa Gas case in which a small company challenged MITI demonstrated that the Administrative

Procedures Law has the potential effect of the stone catapult used by David to overcome the giant Goliath. Essentially, it is a case where the private sector must have the will to fight improper administrative guidance.

Even though it was a case that occurred prior to the implementation of the Administrative Procedures Law, we should not cringe under guidance assuming the form of an illogical threat such as that issued by Minister of Transport Kamei in connection with the contract stewardship issue. Let us use the Administrative Procedures Law as a weapon to expand the "Amakusa rebellion" on a nationwide basis and reform the arrogant bureaucracy.

#### **\* Work of Politicians, Bureaucrats Criticized**

952B0032A Tokyo SHUKAN GENDAI in Japanese 5  
Nov 94 pp 48-51

[Article drawn from interview with Heizo Takenaka, Keio University assistant professor; in New York, date not given: "Heizo Takenaka: 'Incompetent Politicians' and 'Arrogant Bureaucrats' Must Be Ended']

[FBIS Translated Text] *Politicians make excuses, saying that they cannot make policies because bureaucrats are monopolizing information, while bureaucrats embarrassingly say that no decision can be made because politicians do not formulate their policy clearly. Will we, as a nation, have to entrust such "politicians" and "bureaucrats," who are trying to shift the responsibility on to each other, with Japan's future?*

#### **Japan's Prosperity Expected To Last Only 10 More Years**

There is no question that Japan has become an economic giant, with per capita income 20 percent higher than the U.S. average. As the yen exchange rate rises even higher, this gap in per capita income between Japan and the United States will further expand.

However, do Japanese people really have an affluent life? The fact is the Japanese standard of living is substantially lower than it appears to be. This includes the fact that prices are very high in Japan, compared to other countries.

Reviewing the history of other major nations, we find an interesting rule of experience that a period when any single nation could really enjoy its prosperity has been about 35 years at most. Japan's economic prosperity, which began in the early 1970's when the economy ended its high growth period, has already lasted more than 20 years. According to the rule of experience that "a major nation's prosperity lasts only 35 years," Japan's time of "being prosperous" would be only 10 more years.

Despite the long-term decline of its economy, the United States still maintains a high standard of living. This is because the United States improved its social systems and built up a stock of public capital when it was at the height of prosperity (1950's-1960's). With its politicians

and bureaucrats fully displaying their ability, an affluent living standard has been achieved for its people.

If Japan can do the same, there is hope in Japan's future. This is why it is such a critical question how to reform Japan in the next 10 years. However, in reality, "incompetent politicians" and "arrogant and do-nothing bureaucrats" are merely administering claptrap policies. It is possible that the Japanese economy may face a "hard landing" before 10 years are up and may not be able to keep going.

At present, in Japan, the savings rate is declining slowly. When this happens, they will not be able to make stock for public capital and housing capital. However, no policy proposals are being made by those in politics and administration to take responsibility for the 21st century Japan.

The way things are going, Japan will be really ruined in 10 years. In order to avoid this, we must build a system which has some tension where people check politicians and bureaucrats.

Let's take a look at bureaucrats, who are in charge of administration. We find several points which should be improved.

First of all, society's firm belief that "Japanese bureaucrats act in accordance with the strategies of ministries and agencies, and they are very capable" is a problem. I can affirm it to be a misunderstanding.

Let's see if bureaucrats are strategic or not. I once worked in the Ministry of Finance, and I am well aware of their situation. Since each ministry and agency is a very large organization, they act strategically, in order to protect their interests. However these strategies do not recognize the future nor international political situations, and they have been set by the pressures of urgent matters and are concerned only about how to take care of these urgent matters. This becomes obvious when you review the policies that have come from bureaucrats.

The typical case is government-managed trade. The Ministry of International Trade and Industry [MITI] implemented government-managed trade in the Japan-U.S. semiconductor agreement in 1991 and the Japan-U.S. automobile agreement in 1992. However, these were due to pressure from the United States and were nothing strategic.

When government-managed trade was actually implemented, it caused a great commotion among Japanese corporations, and during the Hosokawa administration, they began to say "no to government-managed trade." If our bureaucrats had strategy, there would not have been this type of problem.

Looking at recent examples, the Ministry of Foreign Affairs has been promoting Japan's entry as a permanent member of the UN Security Council. But if they just want to join haphazardly, they are utterly lacking policy.

I am in favor Japan becoming a permanent member of the UN Security Council from the point of view that it will allow Japan to fulfill its responsibility as an economic giant. However, we should focus on more basic problems, such as what will Japan do after becoming a permanent member of the Security Council.

The Ministry of Foreign Affairs [MOFA] has not shown any good results in issues in which it should be primarily involved, such as the security issue. Take the Gulf war cooperation issue or the recent Rwanda problem, for example. What our MOFA has been doing is passive diplomacy, and it has avoided discussion on ideologies, as to the way the United Nations should be or what PKO [peacekeeping operations] should be.

If Japan joins the permanent members of the UN Security Council under these circumstances, where MOFA has neither ideology nor strategy, a serious condition may result.

*It was in 1992 when MOFA began to show its positive position toward joining the permanent members of the UN Security Council. Mr. Wataru Owada, then vice minister of MOFA, began working to create a consensus within the ministry. Mr. Takao Hatano, ambassador to the United Nations, also stated in his speech on 16 March, "Japan is prepared to fulfill its responsibility in the Security Council as much as possible," and met with criticism from politicians that "MOFA is operating independently."*

#### **"Common Opinion" Concerning Career Is Wrong**

The common opinion that our bureaucrats are very capable is wrong. Indeed, the quality of the schools they graduated from might vary quite a bit. However, are they specialists in policymaking? Not at all. For example, in the United States, when they negotiate the tax system problem, they will have college professors and scholars from research institutes, who are specialists in that subject, present as members for the government. On the other hand, Japanese bureaucrats have not reached the international level. The fact is, I'm sorry to say, that those career bureaucrats, especially, who usually are present at negotiation meetings are not at the level at which they can compete evenly with others in international negotiations.

Those who are actually running the field are the so-called noncareer people, and those who attend negotiation meetings are not specialists.

*"The so-called 'MOF magic,' which is the final stage of dealing with detailed numbers in the Budget Bureau and the Tax Bureau, cannot be done without veteran noncareer people. Study meetings and the figures for materials are all prepared by noncareer people. The truth is that career bureaucrats only have to look through documents created by the noncareer people, and attend meetings for signing or negotiation" (a certain manager in the Ministry of Finance).*

Another problem concerning bureaucrats is that they use excuses such as, "Since the government is divided vertically, we cannot do anything unless politicians are more dependable." This also sounds reasonable, but it is not true.

Even in the United States, where politicians have overwhelming power, when they deregulated the air transportation industry, the bureaucrats moved to follow politicians, though politicians did not move. In order to quickly solve the urgent problem of rapidly rising cost of airplane fuel caused by the oil crisis, the supervisory departments and agencies carried out deregulation at their own discretion.

There is no reason why the same cannot be done by Japanese bureaucrats, and it should be done. This type of action by bureaucrats will open up the bureaucracy, which is gridlocked.

#### Politicians Without "Policymaking Ability"

Well, let's shift our focus from bureaucrats on to politicians. Bureaucrats blame politicians' "incompetence" for their not "being able to do anything," while politicians use bureaucrats' "arrogance" as an excuse to avoid responsibility.

Politicians say, "Since the government has all the authority, there is nothing left for politicians to do."

However, this is also a strange excuse. There are not many nations whose leaders have more authority than the Japanese prime minister. Who has decided on Japan's basic overall policy from the 1960's until the Nakasone administration? When Hayato Ikeda said, "high growth," bureaucrats would write a corresponding scenario. These types of decisions were all made by prime ministers, while bureaucrats merely worked on policymaking with a "wait-and-see" attitude, according to what the prime minister at the time wanted.

Despite this, for politicians to say "they have nothing to do because of the bureaucrats" is the same as saying "politicians have no policymaking ability" or they are "incompetent."

Who is responsible for this condition? The Liberal Democratic Party (LDP), which had been the government party, is at fault. Under the 1955 system the LDP had forfeited having staff with policymaking ability.

"If they form a policy staff, nonruling parties will also do the same. Then their ability will improve, but so will that of nonruling parties. In order to keep nonruling parties' ability level low, the LDP should not have capable staff." This pathetic thinking intentionally continued the poor condition.

This is, of course, the incompetent politicians' fault. At present, each politician has several secretaries. But they are merely agents for election. Compared to U.S. politicians, each of whom has a staff of more than 10 people, Japanese politicians' awareness is far too low.

No wonder politicians are not producing decent policies. Take the recent issue of the consumption tax increase, for example. The proposed bills were only the ones which were planned by ministries and agencies. There were no alternative bills proposed by politicians or parties.

There is also a big problem in the relationship between politicians and bureaucrats. Information is divided between the two too often.

Information should be held by politicians, who originally have the approval of people to plan policies. Bureaucrats are not approved by people to do this, therefore are not in the position to decide on policy.

However, in reality, the politicians who are to decide policies do not have the information, and bureaucrats hide that information. This separation of decision and information is at the root of ruining Japanese political administration.

*It was clear in the recent decision to dispatch Japanese Self-Defense Forces (SDF) to Rwanda how politicians are information-ignorant, and how bureaucrats monopolize information. This decision was made on 13 September at a cabinet conference. Until that stage, MOFA had not given the concrete information to the government that the public peace had deteriorated in Rwanda.*

*More over, although MOFA had obtained information that the U.S. and French troops would be pulled out during the period when our SDF was active, it did not disclose this information until the cabinet conference. In spite of the fact that the occupation period of the forces of other nations, which were experienced in dispatching troops overseas, had been decided to be six weeks maximum, MOFA decided to station our SDF for three months.*

How do we reform such a situation between "politicians" and "bureaucrats?" In order for Japan to avoid the crisis of a hard landing in the remaining 10 years of the "35 best years," we must first work on removing the division of information between "politicians" and "bureaucrats."

Politicians must immediately create policy staff and develop ability to put forth responsible policies. As for bureaucrats, they should make efforts to improve international competitiveness instead of decreasing their competence.

Right now, bureaucrats are criticized for having so much power, but this criticism will be stopped if politicians secure competent policy staff and study policies, because there will be a new relationship between politicians and bureaucrats where a type of tension exists. Reducing the power of bureaucrats is negative thinking, and it would only have a negative effect instead of a positive effect.

Rather, when the political reform is completed, politicians should question themselves how they should organize their abilities, and bureaucrats should stop using

excuses such as "we cannot do anything alone," and pursue what they can do as bureaucrats.

**"Politicians" and "Bureaucrats" Must Have a Global View**

In considering the next 10 years for Japan, deregulation is an urgent problem that must be dealt with at once. The present Japanese economy has a dual structure, where there are industries of "\$1 = 100 yen" that can compete in the international market, and industries of "\$1 = 200 yen," such as agriculture, that continue to exist with the protection of regulations.

Continued regulation will allow the "200 yen industries" to continue while leaning on the profit of the "100 yen industries." Japan's trade surplus will continue, as well as the high yen exchange rate. Sooner or later, the "100 yen industries" will escape from the country.

With the industries that have the highest productivity and that can provide the highest salaries gone from Japan, the yen will fall to keep pace with the "200 yen industries." However, public utilities charges will continue to rise, and the unemployment rate will also increase. Finally, the Japanese economy will fail. In order to avoid this from happening, deregulation is necessary.

Concerning this problem, MITI is often criticized. However, the Ministry of Agriculture, and Forestry, and Fisheries, the Ministry of Construction, and the Ministry of Transportation also have serious problems. Unless a radical reform is performed on the conservative constitution of these ministries and agencies, deregulation cannot be achieved effectively. And this is also the politicians' job.

Other problems include the problem of appointments of former government officials to responsible positions in private companies. We often hear that "The important thing for a government official is to expand his influence." This means that bureaucrats use their influence to secure their final destinations. This problem is also related to the problem that their salaries are too low compared to other countries, such as the United States, and we cannot just criticize them. Improvement of pay for bureaucrats should also be considered.

The United States does not trust Japan under present conditions. It was because the United States regarded Japan as a country that did not keep promises, that it came up with numerical targets and the Super 301 clause in Japan-U.S. talks. The specialists in the United States knew very well how silly these demands were.

But they still insisted on numerical targets, because they believed that "Japan would do nothing unless threatened."

The United States, which was far more strategic than Japan, described its Japan strategy as "saddling a wild horse." It is a strategy to tame Japan and take in its

strength. The motive behind agreeing to Japan's joining the permanent members of the UN Security Council comes also from this strategy, and it intends to "saddle Japan" within the framework of the United Nations.

One U.S. management research institute has exposed that the United States intended to have Korea join NAFTA (North American Free Trade Agreement) and had begun feeling them out secretly. If this becomes true, Japan, which has not been able to cooperate with ASEAN countries well, will be further isolated in Asia. This is why we Japanese people must not allow "incompetent politicians" and "arrogant bureaucrats."

[Boxed item: *About the author, Heizo Takenaka: Upon graduating from Hitotsubashi University, he joined Japan Development Bank. He was a guest researcher at Harvard University, as well as chief researcher at the Ministry of Finance's Financial Research Institute. He became a visiting assistant professor at Harvard University. Taught "comprehensive policy" at Keio University. Currently, his busy schedule requires him to travel back and forth between Tokyo and New York. The interview was conducted at his home in the suburbs of New York.*]

**North Korea**

**Kim Yong-sam Urged To 'Step Down' for Accidents**

SK1312045194 Pyongyang KCNA in English 0442  
GMT 13 Dec 94

["Who Is Ringleader of Big Accidents"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA)—MINJU CHOSON today brands the ceaseless big accidents in South Korea as inevitable results of the anti-popular misrule of the Kim Yong-sam group, not fortuitous disasters.

Recently, the Grand Songso Bridge collapsed, a large gas explosion took place in Seoul and a fire broke out in a sightseeing ship in Chungju.

Commenting on this, the analyst says:

These facts show that though the traitor Kim Yong-sam blew up the "wind of reform" under the signboard of "just society" and "clean politics" at the outset of his assumption of office, it was a cheat for the people.

If the traitor Kim Yong-sam had been interested even a little in the life and security of the people, he would not have remained an onlooker to the successive disasters.

The Kim Yong-sam group must step down from power at once, bearing the responsibility for all the big accidents.

**ROK Opposition Criticizes Kim Yong-sam Regime**

SK1312044794 Pyongyang KCNA in English 0431  
GMT 13 Dec 94

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA)—Yi Ki-taek, president of the South Korean

opposition Democratic Party, addressing a rally of people held in Puchon City, Kyonggi Province, on December 3, charged that the Kim Yong-sam regime railroaded the next year's budget bill through "the National Assembly" in a more shameless way than the former military regime and warned that if it is not made null and void, the relations between the ruling and opposition parties would be broken, the South Korean paper TONG-A ILBO reported.

He declared that his party would continue the out-of-the-assembly struggle to bring those involved in "the December 12 incident" in 1979 to trial.

"From now on, we define the Kim Yong-sam regime as a 'military-civilian' regime, not a 'civilian government'", he stated at the rally.

### **SPA Publishes 'Appeal' on 'Concrete Wall'**

*SK1212233594 Pyongyang KCNA in English 2230 GMT 12 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA)—The Standing Committee of the Supreme People's Assembly (SPA) of the Republic of Korea published an appeal to the parliaments and politicians of all countries of the world on December 12 on the lapse of 15 years since the former military dictators of South Korea built a concrete wall south of the Military Demarcation Line. The appeal says: The 29th of December this year marks the lapse of 15 years since the former South Korean military dictators built a concrete wall.

On this occasion, the Standing Committee of the Supreme People's Assembly of the Democratic People's Republic of Korea is sending this appeal to the parliaments and politicians of all countries of the world.

The concrete wall built south of the Military Demarcation Line is a symbol of national division and North-South confrontation.

The over 240 kilometre long reinforced concrete wall cutting across the Korean peninsula at its waist has divided eight counties and 122 villages and severed three railways and blocked three highways and over 220 roads, wide and narrow.

The concrete wall is a physical barrier which denies the homogeneity of the Korean nation, opposes its reunification and bars the building of political and military confidence, while the "National Security Law" illegally instituted by the South Korean authorities is a political and institutional obstacle blocking contact, exchange, reconciliation and unity between the North and the South of Korea.

Our fellow countrymen, whether they be in the North or the South or overseas, strongly hold that the concrete wall bisecting the territory where they have lived through generations must be demolished without delay.

However, the most shameful and criminal concrete wall in the world still remains.

The whole world knows that the present authorities of South Korea hailed the demolition of the Berlin Wall.

It is already five years since the Berlin Wall, a leftover of the Cold War era, was pulled down in Europe and the situation of the Korean peninsula is heading for a phase of detente. But the South Korean authorities are still refusing to remove the concrete wall.

How should we view this behaviour of the South Korean authorities? The answer is too clear.

This proves that "civilian politics" vaunted by the present South Korean authorities is quite hypocritical and their loudly advertised "dialogue" and "cooperation" is nothing but a smokescreen to conceal their separatist nature.

Their refusal to lift the institutional and physical check-bars lowered in the period of the military dictatorship eloquently shows that the present South Korean authorities are also an anti-national and anti-reunification group of traitors who are still seeking a way for the maintenance of their regime in the policy of confrontation and division.

1995 is the year which denotes the lapse of half a century since Korea was divided by outside forces.

All the Koreans in the North, the South and overseas are strongly demanding that the "National Security Law" obstructive to national reconciliation and unity be abolished and the concrete wall be removed not later than next year.

Human conscience aspiring after the reunification of the divided nation and peace must no more allow the continued national misfortunes and pains the Korean people, who has lived as a homogeneous nation with pride in their 5,000-year long history, are suffering from the wall of division and confrontation.

The Standing Committee of the Supreme People's Assembly of the DPRK expresses the hope that the parliaments and politicians of many countries of the world will lift up louder voices calling for the demolition of the concrete wall along with the abrogation of the "National Security Law," the fascist law of South Korea, for the removal of the biggest obstacle to peace, reunification, reconciliation and unity in the Korean peninsula.

### **Provocative Acts by ROK Military Alleged**

*SK1012081994 Pyongyang Korean Central Broadcasting Network in Korean 1203 GMT 7 Dec 94*

[FBIS Translated Text] According to a military source, the South Korean puppets committed military provocative acts, which seriously irritated us, in the Demilitarized Zone [DMZ] on 5 December. At about 1500 that day, approximately 30 puppet army bandits armed with

machine guns and automatic rifles—who waited at (Kachil) peak in the DMZ south of Military Demarcation Line [MDL] marker No. 1060 at Ipo-ri in Kumgang County—gravely threatened the personal safety of the People's Army soldiers carrying out a routine guard mission, while readying for a combat posture and taking a volley firing position.

At the same time, at about 1530 that day, several tens of the puppet armed bandits—who moved from (Nahyon-ri) of Haeon-myon in Yanggu-gun, South Korean Kangwon Province, into the DMZ at a location near MDL marker No. 1080—created a warlike atmosphere, while taking a position for firing at our patrol guards in cooperation with bandits who waited at their military police guard post.

On the same day, several hundreds of the puppet bandits armed with machine guns and automatic rifles—who were mobilized into the DMZ south of MDL marker No. 0660 at Konchon-ri in Kimhwa-gun county and MDL marker No. 0400 at Sangmyong-ri in Chorwon county—showed war madness, frantically roving around the area.

In addition, the puppets kicked up a commotion that day by openly bringing approximately 20 military vehicles loaded with the armed bandits and lethal equipment in broad daylight into the DMZ south of MDL marker No. 0589 at Chawon-ri in Pyonggang County.

This is a part of the deliberate and planned plots of the Kim Yong-sam fascist clique, who wants to lead North-South relations to an extreme confrontation [kukhan-jongin taekyol]. The South Korean puppets should be clearly aware of the grave consequences arising from their grave military provocation in the DMZ. Also, they should act with discretion.

#### **'Bloodthirsty War Atmosphere' Noted**

*SK1012073994 Pyongyang Korean Central  
Broadcasting Network in Korean 1200 GMT 7 Dec 94*

[FBIS Translated Text] According to a military source, the South Korean puppets on 5 December ran amok with northward aggressive war exercises by mobilizing and deploying on a large scale armed forces in the foremost front-line area.

At around 1800 [0900 GMT] that day, the puppets mobilized and deployed 50-odd military vehicles from the area around Chihyong-ri, Chorwon County, South Korean Kangwon Province, to the area adjacent to Chongyon-ri in the Demilitarized Zone. Following this, at around 2245, they mobilized 40-odd military vehicles carrying heavily armed puppet army hooligans and lethal weapons from the direction of Sohwa-ri, Inje County, to the area in Kajon-ri, thus kicking off noisy commotions.

Earlier, at around 1525, the puppets mobilized and deployed 10-odd heavy tanks from the direction of Munji-ri, Paju County, to the border of Ogum-ri. At around 1450, the puppets had 30-odd military vehicles

carrying fully armed puppet army hooligans advance toward the area in Yulli-ri, Chorwonup, Chorwon County, South Korean Kangwon Province, thus running wild with frenzy of war.

About 20-odd armed helicopters of the puppet army, which were mobilized to the skies above areas in Paju, Yonchon, and Chorwon in South Korean Kangwon Province from 1010 to 1600, frantically waged exercises to support fire power to the hooligans engaged in ground attack operational exercises by making low-altitude flights, thus instigating a bloodthirsty war atmosphere.

On the other hand, at around 1400, the puppet army's transport planes that were mobilized in the skies above the area in Sinchon-ri, Paju County, dropped commando troops one after another, and dropped commando troops frenziedly ran amok with reconnaissance and attack exercises against targets that were set by simulating strategic objectives in the northern half of the Republic.

In addition, the large-caliber artillery corps of the puppet army, which was mobilized and deployed in the areas of Kwanu-ri, Chorwon County in South Korean Kangwon Province, and of Kumhari, Paju County, Kyonggi Province, indiscriminately fired more than 100 shells, thus gravely irritating our side.

Deployment of reinforced armed forces and war exercises perpetrated in succession in front of us clearly proved that the Kim Yong-sam group is continually pursuing confrontation and war by going against the nation's aspiration to reunification.

#### **Foreign Groups Demand Repatriation of Prisoners**

*SK1312100794 Pyongyang KCNA in English 1000  
GMT 13 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA)—The repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae was urged by Burundian and Senegalese organizations.

The Burundi-Korea Friendship Association and the Burundian Committee for Supporting Korea's Reunification in a joint statement demanded that the South Korean authorities scrap the notorious "National Security Law" at once and immediately return old Kim In-so, Ham Se-hwan and Kim Yong-tae to the Democratic People's Republic of Korea.

The Senegalese Organization for Friendship With the Fraternal Korean People in a statement sharply denounced the unjustifiable act of the South Korean authorities in refusing to send back the old men to their hometowns where their families and relatives live, branding it as a grave challenge to international law and human rights and humanitarianism.

The statement called upon all the governments, political parties and organizations of the world and international organizations which respect human rights and love

humanitarianism to take an active part in the international movement for the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae to the DPRK.

### **Red Cross Help Urged To Repatriate Prisoners**

*SK1012102494 Pyongyang KCNA in English 1002 GMT 10 Dec 94*

[FBIS Transcribed Text] Tokyo, December 8 [date as received] (KNS-KCNA)—The 13th national meeting of the Movement for Supporting Korea's Reunification held in Japan adopted a letter to the International Committee of Red Cross and the South Korean Red Cross on December 4, requesting their cooperation in the repatriation of the unconverted long-term prisoners in South Korea.

The letter said: It is a grave violation of international law and human rights for the South Korean authorities to refuse to repatriate old Kim In-so, Ham Se-hwan and Kim Yong-tae, prisoners of war, who were kept in prison for over 30 years in South Korea, under unreasonable pretexts, though they ardently desire to go back to their hometowns in the North where their families and relatives are waiting for them.

Noting that the old men requested international organizations to cooperate in their repatriation and the movement of support to it is expanding worldwide, the letter expressed the earnest hope that the International Committee of Red Cross and the South Korean Red Cross would actively cooperate in their repatriation in the spirit of Red Cross.

### **CPRF Secretariat on Suppression of Students**

*SK0912043394 Pyongyang KCNA in English 0429 GMT 9 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—The Secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] issued its information No. 667 Thursday [8 December] condemning the Kim Yong-sam group's suppression of progressive students.

According to the information, the puppet clique on December 6 detained six core members of "Our Youth Society" on the charge of their formation of this organization last year and dissemination of progressive idea among students, and Pak Tong-chu, chairman of the General Student Council of Gyeongsang National University for, letters he exchanged with a university of the North by invoking the "National Security Law".

This is nothing but a last-ditch wriggle of the Kim Yong-sam fascist clique to repress their just activities, stamp out the progressive student organisation and save its ruling crisis, the information said, adding:

But, the fascist suppression cannot be an almighty means to "protect" the "civilian" regime in its waning days. If the Kim Yong-sam group continue trying to suppress the

righteous struggle of students by dint of the fascist law, it will result in sparking fiercer resistance and precipitating their own end.

### **ROK Rulers Criticized for Arresting Student**

*SK1312045394 Pyongyang KCNA in English 0436 GMT 13 Dec 94*

["Fascist Offensive Against Student Movement"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA)—The South Korean puppet police arrested Kim Hyon-chun, chairman of the South Korean Federation of General Student Councils (Hanchongnyon), in Pusan on December 10 on "charge of organizing an illegal rally" and took him to the Seoul Metropolitan Police Agency, a Seoul-based radio reported.

Earlier, the Kim Yong-sam group arrested chairman of the General Student Council of the Kyongsang National University Pak Tong-su, Chairman of the Kwangju-South Cholla Provincial Federation of General Student Councils (Namchongnyon) Yang Tong-hun, Chairman of the Wonju Democratic Youth Society Kim Chin-hui and others.

Such a wholesale roundup of leading members of Hanchongnyon and other student movement shows that the "scorched-earth" offensive of the puppets against the South Korean student movement has reached a very grave stage.

The reckless suppression by the Kim Yong-sam group is nothing but a foolish attempt to save the ruling crisis of the puppets completely isolated and rejected at home and abroad for their treacheries.

Many students affiliated with Hanchongnyon are now demonstrating in all parts of South Korea in protest against the puppets' suspension of the indictment against those involved in "the December 12 incident."

The South Korean rulers, fearful of such a decisive struggle of students, have brutally arrested leading activists of the student movement.

This is, however, Sisyphean labour. The suppression will spark a fiercer resistance.

The South Korean people and students will surely punish the Kim Yong-sam group, the strangler of independence, democracy and reunification.

### **Spy Case 'Groundless Invention' of ROK ANSP**

*SK1312045494 Pyongyang KCNA in English 0439 GMT 13 Dec 94*

["Forgery is Useless"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) - NODONG SINMUN today says that the so-called "spy case of brother Kim Sam-sok and sister

Kim Un-chu" is a groundless invention of the "Agency for National Security Planning" (ANSP) of South Korea, the general headquarters of anti-communist, fascist suppression and anti-North plots.

The analyst says:

The traitor Kim Yong-sam is facing a hopeless crisis for the multitudinous heinous crimes he has committed against the people and the nation since he took office. In an attempt to deliver himself from this poor lot, he has systematically faked up false cases against the North as his predecessors did.

The fabrication of anti-North cases including the "brother and sister spy case" by the Kim Yong-sam group are a premeditated act to drive the confrontation and tension between the North and the South to a more acute phase and destroy the Federation of General Student Councils and other progressive democratic organisations and patriotic, pro-reunification democratic forces of South Korea by linking them with the North.

No anti-North plot can be a way out for the puppets.

The Kim Yong-sam group must immediately release the unwarrantably arrested people of different circles including Kim Sam-sok and Kim Un-chu.

#### **Lawyer Group Urges Release of Spy Case Prisoners**

*SK1012052494 Pyongyang KCNA in English 0449 GMT 10 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—The Korean Democratic Lawyers Association released a statement on December 9 urging the Kim Yong-sam group to immediately release Kim Sam-sok, Kim Un-chu and all others who have been arrested on the charge of involvement in the false "brother and sister" spy case. "Recalling that the truth behind the case faked up by the puppets through tortures and threats was exposed recently by Paek Hung-yong who had been enlisted by "the Agency for National Security Planning" as its agent, the statement said:

The South Korean puppets illegally imposed prison terms on Kim Sam-sok and his sister, Kim Un-chu, on October 26 by faking up the case in a far-fetched way. This clearly shows once again what despicable and base trick and vicious plot they are employing to suppress the dissident forces of South Korea by linking them with the North.

The fabrication of such groundless cases by the Kim Yong-sam group is the last-ditch effort of those who are in their waning days, driven into the corner. They have been further isolated and rejected at home and abroad for their nuclear clamour against the North and the barbarous acts they perpetrated when a misfortune befell the fellow countrymen in the North and, furthermore, discord is getting all the more acute in the ruling quarters

with the publication of the agreed framework between the Democratic People's Republic of Korea and the United States.

No anti-North plot of the puppet agency for National Security Planning can save the Kim Yong-sam group in the poor position of a fish out of water.

Since the background of the "brother and sister" spy case; faked up by it has been fully exposed, the Kim Yong-sam group must make an apology to the nation for its anti-national crime in fostering distrust and antagonism among the fellow countrymen with a clamour about "brother and sister spies"

The statement expressed the hope that the international organizations of lawyers and figures of law circles around the world will lift up louder voices denouncing the fabrication of the "spy" case by the Kim Yong-sam group and extend full support to and solidarity with the Korean people in their just cause of national reconciliation and the country's peaceful reunification.

#### **Japanese Group Adopts Reunification Letter**

*SK1012102894 Pyongyang KCNA in English 1010 GMT 10 Dec 94*

[FBIS Transcribed Text] Tokyo, December 8 [date as received] (KNS-KCNA)—A letter to the Korean people was adopted at the 13th national meeting of the Movement for Supporting Korea's Reunification in Japan on December 4.

The letter expresses deep respect to the Korean people who are making strenuous efforts for the completion of Korean-style socialism and national reunification, united around Mr. Kim Chong-il, supreme commander, in one mind and manifests strong solidarity with the Korean people in their struggle.

It says:

"The DPRK-U.S. agreed framework is a historic agreement putting an end to the abnormal DPRK-U.S. relations which have lasted for nearly half a century and we believe that it will guarantee the reunification of Korea and its peace and, furthermore, the development of the peace and cooperation system in the Asia-Pacific region.

"We will launch an action to compel the Japanese Government to make a decision on the normalisation of Japan-DPRK relations by bringing together the voices of broad strata and, at the same time, fight staunchly against the forces obstructing the relaxation of tension and reunification on the Korean peninsula and make greater efforts to end disregard for and discrimination against the Koreans in Japan.

"We demand that the South Korean authorities abolish the 'National Security Law,' pull down the concrete wall and immediately release all the political prisoners.

"We express our view that 1995 should be the closing post-war year for Japan and the last year of the Cold War in the Asia-Pacific region."

### **Indian Official Demands Abolition of ROK NSL**

*SK1312042394 Pyongyang KCNA in English 0400  
GMT 13 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA)—S. Mukherjee, chairman of the central control commission of the Communist Party of India (Marxist), issued a statement to the press on December 1 demanding the abolishment of "National Security Law" (NSL) in South Korea.

Noting that the "NSL" brands the fellow countrymen as the "enemy" and the North as an "anti-state organisation", he said that the South Korean fascist clique invoked the evil law to suppress at the point of the bayonet many patriotic people who tried to mourn over the death of President Kim Il-song, father of the Korean nation and the world-wide leader.

The North-South dialogue, to say nothing of national reconciliation, is unimaginable under the condition that the evil law remains in force in South Korea, he pointed out, and stressed:

The Kim Yong-sam puppet clique must apologize to the Korean nation and the international community for its high treason and abolish all the evil laws including the "NSL".

### **U.S. Senators Simon, Murkowski Depart 12 Dec**

*SK1212233794 Pyongyang KCNA in English 2239  
GMT 12 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA)—U.S. Senators Paul Simon and Frank Murkowski and their party left here today.

The U.S. senators were interviewed by Korean and foreign reporters at Panmunjom.

### **Chinese People's Volunteers Delegation Awarded**

*SK1212235194 Pyongyang KCNA in English 2241  
GMT 12 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA)—A ceremony was held at the Mansudae Assembly Hall today to award orders of the Democratic People's Republic of Korea to the members of the delegation of the Chinese People's Volunteers to the now defunct Military Armistice Commission.

Vice-president Yi Chong-ok awarded the order of the National Flag First Class and Second Class to the four members of the delegation and the Order of Friendship to the others.

### **Academy of Sciences Signs Agreement With PRC**

*SK1312043994 Pyongyang KCNA in English 0428  
GMT 13 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA)—An agreement on scientific cooperation between the National Academy of Sciences of the Democratic People's Republic of Korea and the Chinese Academy of Sciences was signed in Beijing on November 30.

It was signed by the visiting president of the National Academy of Sciences of the DPRK, Kim Kil-yon, and the president of the Chinese Academy of Sciences, Zhou Guangzhao.

### **Social Sciences Academy Signs Pact With PRC**

*SK0912102094 Pyongyang KCNA in English 1014  
GMT 9 Dec 94*

[FBIS Transcribed Text] Beijing, December 7 (KCNA)—An agreement on scientific exchange between the Academies of Social Sciences of the Democratic People's Republic of Korea and China was signed in Beijing on December 7.

The agreement was signed by First Vice-President of the Korean Academy of Social Sciences Kim Chol-sik, head of the delegation of the academy, and by Vice-President of the Chinese Academy of Social Sciences Wang Renzhi respectively on behalf of their sides.

### **Paper Criticizes Japan on 'Comfort Women' Issue**

*SK1012044994 Pyongyang KCNA in English 0424  
GMT 10 Dec 94*

["Japan Must Not Play Petty Tricks"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 10 (KCNA)—It is an intolerable insult to and mockery of the victims for the Japanese authorities to attempt to gloss over the crimes of Japan in the issue of "comfort women for the army" by putting forward "a plan for raising a civilian fund," declares NODONG SINMUN today.

Noting that the crimes in the "comfort women" issue were international crimes of sex enslavement which Japan committed by invoking government power, the analyst says:

Nevertheless, the Japanese authorities claim that Japan is not under state and legal responsibility and obligation in the problem of compensation to "comfort women for the army", but they are going to "console" the "comfort women" with a "civilian fund" out of "good faith" and "magnanimity." This is the height of the craftiness and effrontery peculiar to Japan.

This is an artifice to appease the victims of the crimes of sex enslavement and evade state responsibility and compensation for the crimes with a few amount of "civilian fund."

Branding the "raising of civilian fund" proposed by the Japanese authorities as a hypocritical drama, the analyst says:

It is a foolish dream, if they think they can lull public opinion and evade the responsibility for the international crimes of sex enslavement by such ice on the cake as "donation" or "charity."

The Japanese authorities must not resort to petty tricks but make apology and compensation in the name of the state for the crimes of sex enslavement in compliance with the demand of the international community and international law.

#### **Return of Korean 'Compatriots' in Japan Viewed**

*SK1312102394 Pyongyang KCNA in English 1017  
GMT 13 Dec 94*

[**"Historical Event Unprecedented in History of Movement of Overseas Compatriots"**—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA)—It was 35 years since Koreans in Japan started returning to the socialist homeland. On December 16, 1959, a repatriation ship carrying Japan-resident Koreans dropped its anchor at Chongjin Port for the first time. This is a historical event and a great national felicity unprecedented in the history of the movement of overseas compatriots, a signed article of MINJU CHOSON today says, and continues:

During the anti-Japanese revolutionary struggle, the great leader Comrade Kim Il-song, considering it to be a noble national duty, a sense of compatriotic obligation to meet the cherished desire of Japan-resident Koreans for the return to the homeland, defined the question of overseas Koreans as a national problem caused by the consequences of the imperialist colonial rule and put it as an important fighting task to defend the rights of overseas Koreans in the 10-Point Programme of the Association for the Restoration of the Fatherland. And after the liberation of the country, he, busy leading the building of a new country, published the highly important letter "To One Million Korean Compatriots in Japan" to indicate the road ahead of the Koreans overseas.

When the Japanese reactionaries persisted in the hostile policy toward the DPRK and the South Korean puppet clique, in conspiracy with the Japanese Government, became more undisguised in their moves to obstruct the return of Koreans in Japan to the homeland, the great leader made the DPRK Government take a state measure to realise the return and organised a nationwide movement to support and encourage the return of the Japan-resident Koreans in all parts of the country.

Driven to a dilemma at home and abroad, the Japanese Government had to accept a negotiation on the return of Koreans in Japan to the homeland, and an agreement on

the return of Korean citizens in Japan to the homeland was finally signed in August 1959.

The sea route for Japan-resident Koreans to return to their homeland which was opened by the great leader Comrade Kim Il-song has been continuously covered under the wise guidance of dear Comrade Kim Chong-il.

When the Japanese reactionaries decided to nullify the "agreement on the return" which expired in 1967, dear Comrade Kim Chong-il indicated a concrete orientation and ways for the resumption of the return of Japan-resident Koreans to the homeland and triumphantly led the campaign to put it into practice, thus reopening the sea route which was once cut off.

#### **Russian Visitor Praises Youth, Kim Chong-il**

*SK1012052694 Pyongyang KCNA in English 0443  
GMT 10 Dec 94*

[**"The Korean Youth Movement Is a Model for the World Youth Movement"**—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—Igor Malyarov, first secretary of the Central Committee of the Young Communist League of Russia, told reporters here that the youth movement in Korea today is a model for the world youth movement. Giving his impressions of Korea, he said: "It is because Korea is guided by a great leader and a great party that it is fighting against the world imperialist reactionaries, steadfastly maintaining its socialist idea and enjoying the unanimous support of progressive humankind."

"Today the Korean people, with an unshakable faith in the future, have turned out as one man in the struggle to accomplish the cause of *chuche* under the leadership of the party, holding dear Comrade Kim Chong-il in high esteem as the great leader."

"The firm faith that Comrade Kim Chong-il is Comrade Kim Il-song has taken deep root in the minds of the Korean people and youth."

"They are now working hard to carry through the behests of the great leader Comrade Kim Il-song under the leadership of Comrade Kim Chong-il, changing the sorrow at the loss of the great leader into a thousand-fold strength and courage."

"In this the world communists and progressive humankind feel the strength of Korea and get great inspiration in the movement for rebuilding socialism."

"I keenly felt the firm ideological and mental resolution and preparedness of the Korean young people who have shared the destiny with the party from the looks of them taking oath of loyalty to the dear leader at the 8th Congress of the League of Socialist Working Youth of Korea on the TV screen and from the fact that 1.5 million young people volunteered for service in the People's Army all at once when a semi-state of war was

proclaimed in face of the obtaining situation. This is mightier than any nuclear bomb."

#### **Hwang Chang-yop Meets Visiting Kazakh Delegation**

*SK1012044794 Pyongyang KCNA in English 0414 GMT 10 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 10 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, Friday met and had a friendly talk with the visiting group of the Kazakh Socialist Party headed by its Co-Chairmen P.V. Svoik and G.K. Aldamzharov.

#### **Kang Song-san Sends Condolences to Hungary**

*SK1012022694 Pyongyang KCNA in English 2223 GMT 9 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—Kang Song-san, premier of the Administration Council, sent a telegram of sympathy to Gyula Horn, prime minister of the Republic of Hungary.

Upon hearing the sad news that a great loss of lives was caused by a train accident in Szajol Hungary, I express deep condolences to you and, through you, to the bereaved families of the deceased, the telegram said.

#### **Workers Party Sends Message to Spanish Coalition**

*SK1012023194 Pyongyang KCNA in English 2225 GMT 9 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—The Central Committee of the Workers' Party of Korea today sent a message of greetings to the fourth federal meeting of the Left Coalition of Spain.

Noting that the federal meeting will be an important occasion conducive to the struggle for the consolidation of the organisational and ideological unity and cohesion of the Left Coalition and for socialism, the message expressed the belief that the friendly and cooperative relations between the Workers' Party of Korea and the Left Coalition of Spain will continue to be strengthened and developed in the future.

#### **German Newspaper Editor Meets Foreign Minister**

*SK0912105994 Pyongyang KCNA in English 1032 GMT 9 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—Vice-Premier and Foreign Minister Kim Yong-nam today met and had a friendly talk with Werner Adam, editor in charge of the foreign policy of the German paper FRANKFURTER ALLGEMEINE.

#### **Meets With Hwang Chang-yop**

*SK0912133694 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 7 Dec 94*

[FBIS Translated Text] Hwang Chang-yop, secretary of the Workers' Party of Korea Central Committee, met with Werner Adam, responsible editor in chief in charge of foreign policy of the German paper FRANKFURTER ALLGEMEINE, in Pyongyang on 7 December. The talks were held in a friendly atmosphere. Relevant functionaries attended the talks.

#### **WPK Sends Greetings to Mexican Party Leader**

*SK1012050594 Pyongyang KCNA in English 0438 GMT 10 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] Wednesday sent a message of greetings to Maria de Los Angeles Moreno upon her election as chairperson of the National Executive Committee of the Institutional Revolutionary Party of Mexico.

The message said that her election as chairperson of the National Executive Committee of the party was an expression of deep trust of all the members of her party in her.

Expressing the belief that the friendly relations between the two parties will continue to favorably develop in the future, it wished her great success in her responsible work for the strengthening of the party and the independent and democratic development of the country.

#### **Visiting Mongolian Journalists Meet Yi In-mo**

*SK1012044594 Pyongyang KCNA in English 0412 GMT 10 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 10 (KCNA)—The members of the delegation of the union of Mongolian journalists headed by its President TS. Tserendorzh, on December 9 met Yi In-mo, the incarnation of faith and will.

Saying that his heart was always with the people of the northern half of the country guided by the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il when he was behind bars in South Korea he asked the journalists who love justice and speak truth to expose the inhuman acts of the enemies to the world.

Stating that it is their duty to introduce and propagandize the struggle of Yi In-mo, who is well known to the world as an unconverted long-term prisoner, they hoped that he will work in the spirit of the war correspondent until the day of reunification.

#### **Foreign Visitors Visit Kim Il-song's Statue**

*SK1012044194 Pyongyang KCNA in English 0410 GMT 10 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 10 (KCNA)—The visiting group of Kazakh Socialist Party

headed by its co-chairmen P.V. Svoik and G.K. Aldamzharov, the delegation of the Union of Mongolian journalists headed by its President WS. Tserendorzh, Syrian ambassador to Korea Yasir al-Farah and Syrian students studying in Korea, an official of the Palestine Embassy and Palestine students studying in Korea, the delegation of Shandong University of Education of China headed by its first Vice-President Wang Lixun and many other foreigners staying in Korea visited the statue of the great leader President Kim Il-song standing on Mansu Hill in Pyongyang and laid bouquets of flowers and honoured his memory upon the lapse of five months since he passed away.

P.V. Svoik said that he and his delegation regarded it as their duty to visit the statue of the great leader Comrade Kim Il-song and expressed the firm belief that the Korean people would creditably realise what he intended in his lifetime.

Syrian ambassador Yasir al-Farah said:

"The deep love and feats of the great leader Comrade Kim Il-song for the people will be handed down forever through centuries.

"The great leader Comrade Kim Il-song was the national hero and liberator who brought prosperity and progress to the Korean nation.

"He was an outstanding leader of the world revolutionary people and the standard bearer of their struggle for freedom, peace and independence against imperialism.

He will remain forever the beacon of hope indicating the road ahead of us all.

Wang Lixun expressed the firm belief that the Korean people would change the sorrow at the loss of the great leader into strength and courage and make greater achievements in socialist construction under the wise guidance of the dear leader Comrade Kim Chong-il.

### **Foreign Media Praise Kim Il-song's Achievements**

*SK1312045294 Pyongyang KCNA in English 0418  
GMT 13 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA)—The revolutionary feats of the great leader President Kim Il-song were reported by foreign news media.

The Jordanian paper AL SAHAFI carried an article titled "In Memory of President Kim Il-song, the Leader of Korea."

The paper said:

In human history there are great men who are immortal for their contribution to the development of the world.

The people are makers of history and the political leader guides them.

There was a man who was deified as he created the history of the nation and built a country developed in industrial, military, scientific and all other fields. He was the great President Kim Il-song, the leader of Korea.

He guided the people only to victory. We express respect to President Kim Il-song, a great man and hero.

The Nigerian paper NEW NIGERIAN and radio programs of Peru, too, introduced the revolutionary feats of President Kim Il-song.

Meanwhile, the organ of the Japan-Korea Association for Cultural Exchange, JAPAN-KOREA CULTURAL EXCHANGE No. 38, carried a special write-up on the death of President Kim Il-song.

It edited articles titled "Great Strength of Love in True Nature," "The President Who Enjoyed an Eternal Life, His Political Organism Will Be Immortal" and "On Death of President Kim Il-song" and poems titled "Oh, President Kim Il-song" and "Longing for President Kim Il-song."

It printed a portrait of President Kim Il-song with a broad smile, a picture of his bier in the Kumsusan Assembly Hall and a picture of Comrade Kim Chong-il deeply mourning over the death of President Kim Il-song before his bier with senior party and government officials.

### **Raul Castro Delivers Gift to Embassy for Kim**

*SK1312043894 Pyongyang KCNA in English 0427  
GMT 13 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA)—Comrade Kim Chong-il, the great leader of our party and people, received a gift from Raul Castro, second secretary of the Central Committee of the Communist Party of Cuba and first vice-president of the Council of State and minister of the Revolutionary Armed Forces, on the new year 1995.

The gift was handed to the Korean ambassador to Cuba by an official of the Department of Foreign Relations of the Ministry of the Revolutionary Armed Forces on December 6.

### **Foreigners Laud Kim Chong-il's Work on Socialism**

*SK1312044894 Pyongyang KCNA in English 0425  
GMT 13 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA)— "Socialism Is a Science," a famous work of the dear leader Comrade Kim Chong-il, has

Stevan Mirkovic, president of the League of Communists of Yugoslavia, said in a statement that the publication of the work by Comrade Kim Chong-il is a very important event in the present socio-political and economic situation of the world.

He further said:

Comrade Kim Chong-il, the supreme leader of the Workers' Party and people of Korea who is successfully guiding the cause of Korean-style socialism centred on the popular masses, gave a theoretically perfect elucidation of the inevitability of the victory of socialism.

This work has aroused a great sympathy worldwide and has been fully supported by peoples who are struggling against the imperialists and the renegades of socialism.

The publication of the work which comprehensively analyzes and systematizes the socialist idea as a science will open a new stage of the struggle for socialism on a world-wide scale.

Victor Voichita, chairman of the Romanian Party for New Society, said in an interview with the editor of the Romanian paper EUROPA:

The work gives a detailed exposition of the reason why socialism collapsed in some countries and concretely explains that the passionate and industrious Korean people have been able to make great achievements in socialist construction and in the struggle for defending national sovereignty and independence because they have maintained the chuche-based stand. "Socialism Is a Science," a work of His Excellency dear Kim Chong-il, is the perfect socialist political science in the present era.

D.P. Maheshwari, chairman of the Indian Association for World Cooperation and Cultural Relations, and Mustafa Jaber, chief of the Jordanian Group for the Study of the Chuche Philosophy, issued statements to the press after studying the work.

Noting that the scientific accuracy of socialism has been fully proved by the efforts and brilliant intelligence of Comrade Kim Chong-il, they said that the work, for its ideological and theoretical profundity and validity and for its great theoretical and practical significance, has served as the banner of the revolution, the textbook of the struggle which all the revolutionaries and progressive people around the world must study with avidity.

#### **Kim Chong-il Sends Birthday Tables to Women**

*SK1012105694 Pyongyang KCNA in English 1042  
GMT 10 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 10 (KCNA)—Dear Comrade Kim Chong-il, the great leader of our party and people, respectively sent 105th and 100th birthday tables to old women Cho Pok-yo and Ha Il-chong residing in Mangyongdae and Naknang Districts, Pyongyang.

The tables were conveyed to them on December 9.

Comrade Kim Chong-il who finds joy in the happy life and joy of the people sent birthday tables this year alone to many people who lived for over a century.

#### **Paper Praises Kim Chong-il's Work on Socialism**

*SK1312101594 Pyongyang KCNA in English 1010  
GMT 13 Dec 94*

["To Build Socialist Party in Power Into Motherly Party Is Important Requirement for Enforcing Benevolent Politics"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA)—"Socialism Is a Science", a famous work of the dear leader Comrade Kim Chong-il, gave flawless exposition of all the questions arising from the exercise of the genuinely benevolent politics and thus, providing the guideline to completely accomplish the Korean-style socialism centred on the popular masses and exalt it for ever, stresses NODONG SINMUN in a signed article today.

The article quotes the dear leader Comrade Kim Chong-il as saying:

"If politics of love and trust is to be exercised in socialist society, the socialist party in power must be built into a motherly party."

The article goes on:

If the working-class party is to exercise the benevolent politics in socialist society, it must build the party into a motherly party.

Building the party as a motherly party means that the party should become a genuine guide and defender of the people, which takes meticulous care of the destiny of the popular masses under its charge, just as a mother deeply loves her children and looks after them warmly. In order to realize genuinely benevolent politics, a political leader who unfailingly loves the people must come forward and the socialist party in power must be built into a motherly party. When the party becomes a true mother of the popular masses, the benevolent politics of the leader can be exercised genuinely and thereby, the party and the people can be combined with love and trust and the whole society be turned into a socio-political organism.

To build the socialist party in power into a motherly party is an important requirement for enforcing the benevolent politics, because it relates with the position and role of the working-class party in socialist society.

If the benevolent politics is to be exercised, all the state organs and all the political organisations must be built into true servants for the people. This undertaking can be made only by the working-class party. This is because the working-class party is the only leading political organisation in socialist society.

Today the genuinely people's politics, the benevolent politics, is being exercised in our country because the Workers' Party of Korea has been built into a motherly party and the people's power and all other state organs and all the organisations are faithfully discharging their duties as servants for the people.

Building the socialist party in power into a motherly party is an important requirement for enforcing the benevolent politics, which is a precious truth shown by the revolutionary practice.

Some countries which had built socialism in the past period turned the party into a bureaucratic party wielding and abusing power. The historical lesson shows that it is tantamount to digging its own grave for the socialist ruling party to tolerate the abuse of power, bureaucracy, irregularities or corruption among the cadres.

The benevolent politics being exercised in our country is unthinkable apart from the dear leader's love for and trust in the people.

Today our people are calling the Workers' Party of Korea a motherly party, entirely entrusting their destiny and future to the party, regarding the socialism of our style centred on the popular masses in which the benevolent politics is being embodied, as their life and soul and exalting it because they are holding the dear leader as the great leader of our party and people.

#### **Leaders Attend Ceremony Commending Forerunners**

*SK1312070894 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 12 Dec 94*

[FBIS Translated Excerpt] A ceremony to confer state commendations and gifts on the participants in the meeting of Chong Chun-sil movement's forerunners was held at the People's Palace of Culture on 12 December.

Placed in front of the meeting hall was a portrait of the great leader of our party and our people Comrade Kim Il-song. Also hung in the hall were placards with the slogans "Long live the great leader Comrade Kim Il-song!" and "Long live the glorious Workers' Party of Korea [WPK]!"

Attending the ceremony were Comrades Kye Ung-tae and Han Song-yong, members of the Political Bureau of the Central Committee of the WPK and secretaries of the party Central Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau of the Central Committee of the WPK and secretary of the party Central Committee; Comrades Kim Ki-nam and Kim Chung-nin, secretaries of the WPK Central Committee; relevant functionaries; and participants in the meeting of Chong Chun-sil movement's forerunners. [passage omitted]

#### **Han Song-yong Addresses Meeting**

*SK1312090494 Pyongyang Korean Central Broadcasting Network in Korean 0605 GMT 9 Dec 94*

[Speech by Han Song-yong, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and secretary of the party Central Committee,

at a meeting of the Chong Chun-sik movement forerunners held at the People's House of Culture on 9 December—recorded]

[FBIS Translated Text] Comrades: Today, at a time when all working people throughout the country are vigorously struggling to implement the party's revolutionary economic strategy under the party's leadership, upholding the great leader Comrade Kim Il-song's lifetime will, we are holding the meeting of the Chong Chun-sil movement forerunners. Unfolding a new plan to effect a new turn in the people's living by thoroughly implementing its revolutionary economic strategy, our party has arranged the meeting of the Chong Chun-sil movement, a meeting of innovators and functionaries working in sectors which directly serve to promote the people's standard of living, including the commercial sector.

This is an important step to further add luster to the popular mass-centered socialism of our own style established by the great leader [widaehan suryong], and to advance our revolution and construction toward a new upsurge. It is also an expression of our party's great confidence in and expectation toward the forerunners of the Chong Chun-sil movement. [applause]

The meeting of the Chong Chun-sil movement forerunners will become a historic meeting which effects a new turn not only in vigorously demonstrating the lofty ideological and spiritual world of our functionaries and working people who are infinitely loyal to the party and the leader [suryong] and boundlessly faithful to the socialist cause, but also in promoting our people's living in a more affluent and civilized way in conformity with the inherent nature of socialist society. [applause]

We should further deepen and develop the Chong Chun-sil movement in conformity with the demands of the developing realities, and achieve great progress in promoting the people's living. Thus, we should further add luster to the respected and beloved leader's [suryong] revolutionary achievements, should firmly safeguard and defend our own style of socialism, and should consistently develop our party's socialist cause, the chuche revolutionary cause.

The Chong Chun-sil movement is a new type mass movement created by our party. [applause]

The birth of genuine faithful servants such as Comrade Chong Chun-sil, and the advent of a new type mass movement such as the Chong Chun-sil movement, are thanks to the wise leadership of the party and the leader [suryong] in fostering the people into genuine revolutionaries and creators of exploits with noble love and trust, and in creating a massive innovation movement to inspire the revolution and construction in succession.

The respected and beloved leader Comrade Kim Il-song—who, since his early days, devoted his whole to the people, taking it as a motto to regard man as heaven—

treasured even trifling good deeds found among the people, brought them into full bloom, and actively fostered them into heroes and communist revolutionaries.

When he gave on-the-spot guidance to Chagang Province in September 1991, the great leader Comrade Kim Il-song personally acquainted himself with the status of the Chonchon County commercial management station headed by Chong Chun-sil. At that time, the great leader highly praised her devoted struggle for the promotion of the people's standard of living for more than several decades, and strongly stressed that all functionaries and working people in the commercial service sector should actively follow and emulate her exemplary deeds. Thus, the great leader set forth a plan to wage the Chong Chun-sil movement in order to bring about a momentous improvement in the country's economic activity and the promotion of the people's living. This was an excellent step ignited the flames of loyalty at a small outpost in commercial sector, making it a furious torch of the revolution to inspire the whole country into [word indistinct] exploits. [applause]

The development of the Chong Chun-sil movement itself cannot be thought of apart from the history of the great leader's [suryong] and the benevolent love and trust of the great leader [suryong] and the dear leader who have fostered a nameless saleswoman in a remote mountain area into a forerunner whom the entire society should model.

The great leader Comrade Kim Il-song visited a small store in Chonchon county, Chagang Province in August 1958 and implanted the lofty awareness of being a servant for the people into the heart of Comrade Chong Chun-sil and encouraged her to achieve innovation. Afterward, in the national commercial activists meeting held in April 1961 the great leader listened to her discussion and highly praised her for her spirit of serving the people. Then, he bestowed upon her the great honor of approving her entrance into the Workers' Party of Korea. [applause]

The respected and beloved leader [suryong] has bestowed constant trust and love upon Comrade Chong Chun-sil for 30 years. Whenever he gave an on-the-spot guidance to Chonchon County on many occasions the great leader warmly led her and finally fostered her into a functionary in charge of the commercial sector of a county, into a double hero, and into a deputy to the Supreme People's Assembly.

Since he visited the Chonchon County commercial management station in April 1964, accompanying the fatherly leader, the dear leader Comrade Kim Chong-il has implanted a most sincere and pure view on the leader deep in the heart of Comrade Chong Chun-sil and led her to lead her life on the single road of loyalty.

The dear leader Comrade Kim Chong-il has fostered a mere commercial saleswoman into an outstanding communist revolutionary fighter who is loyal to the party

and the leader [suryong] and who devotedly serves the people and opened the start of the Chong Chun-sil movement. Furthermore, last September the dear leader took a step of leading party and government cadres and local responsible functionaries to visit the Chonchon County commercial management station. Thus, he wisely led the flames of Chong Chun-sil movement to burn more dynamically.

Indeed, the Chong Chun-sil movement, which was born with deep roots of trust, loyalty, love, and [word indistinct] with which the party and the people have been firmly united as a body with common fate, is a unique mass movement of our own style that completely transforms people's work styles and habits and that vigorously encourages socialist construction. [applause]

Comrades: Because of its correctness and superiority the Chong Chun-sil movement has brought about great changes in the ideological and political ethos and work habits of functionaries and the working people and has actively contributed to realizing the party's plan to improve the standard of the people's living. The whole course of the Chong Chun-sil movement clearly proves, first, that if one firmly believes the party's line and policy as firm truth and works according to the party's instruction one can do everything and create any miracle.

The course of implementing the Chong Chun-sil movement shows that only those who have a firm view on life can solve all problems in which the party and the leader are interested and contribute to promoting the standard of the people's living in a substantial manner.

The recent several years in which the Chong Chun-sil movement was carried out was a grim period in which the imperialists and reactionaries tenaciously schemed to isolate and obliterate our Republic, the fortress of socialism in the world, while clamoring about the end of socialism. On these grim days our numerous Chong Chun-sil movement forerunners have played a leading role in the struggle to defend and add luster to socialism.

This is precisely because their hearts are filled with a high ideological and spiritual resolve to absolutely trust their leader [suryong], their leader [yongdoja], and share the same destiny with the party to the end. [applause]

At places where loyalty toward the party and the leader [suryong] and the spirit of devoted service to the people are displayed highly, the party's intentions and plans are materialized brilliantly, and great renovations take place in service activities to help with the people's lives. Commercial service workers, cherishing the party's slogan "Serving the people" in their hearts as their belief, are sincerely doing work for the people no matter how hard or easy. Such excellent deeds seen everywhere are unthinkable apart from their revolutionary conscience of considering the party's sore point to be their own.

The entire course of the Chong Chun-sil movement also shows that one can implement all of the party's lines and

policies if one is determined and that one can successfully carry out all assigned tasks on one's own strength. [applause]

The revolutionary road is never a smooth course but a course in which one marches forward and wins victory after overcoming numerous difficulties and trials. One who tackles difficulties head on determinedly does not differentiate favorable conditions from unfavorable ones but finds a way out despite layered difficulties.

Chong Chun-sil movement forerunners were not pessimistic or hesitant, even though they were faced with numerous difficulties in the struggle to implement the party's policy. All facts show if one tries determinedly one can mobilize and utilize to the utmost natural and geographical conditions and potential in one's region or unit to improve the people's lives. This proves that not conditions or environment, but one's ideological resolve, is a basic key to solving any problem.

The entire course of the Chong Chun-sil movement shows the superiority and vitality of this movement can be displayed with only collective might. [applause]

The Chong Chun-sil movement is a peculiar movement of our own style that reflects the intrinsic characteristics of our country's socialism based on collectivism. The Chong Chun-sil movement could be expanded and developed into an all-society movement, because all group members who participated in this movement achieved single-hearted unity and devotedly waged struggles.

The noble moral attitude of voluntarily doing harder work, attributing one's success to other people, and giving priority to collective interests over one's personal interests is more deeply rooted among our functionaries and commercial service workers as time goes by. As a result, the Chong Chun-sil movement is greatly demonstrating its might as a collective innovation movement. Guiding functionaries who pool the masses' might and wisdom by leading them with personal examples are leaders at places where the flames of collective innovation are powerfully raised.

Numerous genuine servants loyal to the people were born in the flames of the Chong Chun-sil movement, and valuable experiences were accumulated that ensure new successes in the struggle to implement our party's plan to improve the people's lives.

The Chong Chun-sil movement greatly contributes to improving people's ideological and spiritual traits, their ways of thinking, and work styles and making commercial service work a genuine work that sincerely serves the people. It also greatly contributes to upholding the cause of our party, which considers improving the people's lives to be the supreme principle in its activities, and glorifying the popular masses-centered socialism of our own style. [applause]

The Chong Chun-sil movement began not long ago, but its superiority and vitality has been clearly proven in a short period. This is owing to the wise leadership and attentive care of the great leader Comrade Kim Il-song and the dear comrade leader. [applause]

The great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il—who have always had a deep understanding of the demands of the development of revolution and the aspiration of the popular masses, initiated and wisely led the revolutionary mass movement, which grasps the people's mind, and vigorously pushed forward the socialist construction—clearly elucidated the basic goal and implementation method of the Chong Chun-sil movement and energetically led the movement to develop into an active movement that greatly contributes to implementing the party's policies, and into the movement of the masses, who advance with high self-consciousness of the people.

The achievement of the great leader and the dear comrade leader, who initiated and wisely led the Chong Chun-sil movement, the new mass movement, and created another example of carrying out the socialist cause in world history by completely displaying the revolutionary enthusiasm and creative activeness of the popular masses, will shine for a long time with the history of the rewarding struggle to complete the chuche revolutionary cause. [applause]

On the significant occasion of the meeting of Chong Chun-sil movement forerunners, I take the unwavering respect of the participants of the meeting and all the people of the country to pay the greatest glory to the respected and beloved leader Comrade Kim Il-song, who founded the immortal chuche idea, devoted his whole life to the sacred cause for the people, and provided the everlasting basis for the infinite prosperity of our fatherland and eternal happiness of our people. I also pay the most ardent thanks to dear Comrade Kim Chong-il, the great leader [yongdoja] of our party and people and the supreme commander of our revolutionary armed forces, who is wisely leading the entire party, all of the people, and the entire Army to the single road of upholding the will of the great leader [suryong], and brilliantly succeeding and completing the chuche revolutionary cause. [applause]

The dear leader Comrade Kim Chong-il indicated: We will strengthen the economic power of the country by continuously strengthening the socialist economic construction, and will ceaselessly improve the material living standard of our people in conformity with the demands of socialism.

The imminent task of the struggle to improve the people's living standard is to thoroughly implement the party's revolutionary economic strategies. To deepen and develop the Chong Chun-sil movement on a new higher level, above all, an ethos must be established to devote ourselves to realize the party's idea to improve

the people's living, bearing the lofty loyalty toward the dear comrade leader. [applause]

Faithfulness in the dear leader Comrade Kim Chong-il, the destiny and future of all of us, is the core of the Chong Chun-sil movement and the first ideological and political life of the Chong Chun-sil movement forerunners. We must take the dear comrade leader as the pillar of our hearts, absolutely worship him, and uphold the ideology and leadership of the comrade leader with loyalty and filial piety. Functionaries and working people of the commercial service sector should accept with firm faith the dear comrade leader's intention and wish as the demand of one's own life and devote oneself to pleasing the party by realizing the intention and wish.

To deepen and develop the Chong Chun-sil movement, the spirit of service for the people should be properly established, and an ethos must be established to devote oneself for the happiness and interests of the people as loyal servants to the people. [applause]

The militant slogan, "We serve the people" put forward by our party is a motto of life and struggle and a principle for functionaries and workers in commercial service in looking after the people's living with responsibility.

Under popular mass-centered socialism of our own style, nothing is more glorious and more worthwhile than to devote everything to the interest and happiness of the people and to live and work as servants of the people.

As the dear comrade leader has taught, our people are the most excellent people who are unswervingly loyal to the party and the leader [suryong] with the lofty revolutionary spirit and noble mental and moral traits.

All functionaries and workers in commercial service should regard as the most glorious and sacred task the struggle to make all people, whom our party treasure, live well without any anxiety and worry. They should fulfill their mission and responsibility for the work of providing the people with more affluent and civilized lives.

Indeed, the functionaries who love and deeply trust in people should be able to find out various ways and means to resolve problems in people's lives, always paying keen attention to it, and should subjugate all of their acts to interest in people's lives.

All functionaries and workers in commercial service should deeply mingle with the popular masses, and should find out the cause of their problems and what they earnestly want. By thoroughly implementing the party's policy of [word indistinct], they should make every possible effort to timely resolve the people's demands.

Functionaries and workers in commercial service should not discriminate difficult work from easy work in the interest of the people, and should traverse even the arduous road by inspiring the spirit of (?creation).

For functionaries and workers in commercial service to further deepen and develop the Chong Chun-sil movement, they should establish the spirit of struggle for self-reliance to resolve the problems in people's lives to the end by taking responsibility. [applause]

As shown in the style of struggle by functionaries in the Chonchon County work management office and Maengsan County, if functionaries and service workers tenaciously work with the spirit of self-reliance to resolve the problems of people's lives within their counties and their district by taking responsibility, they can resolve all the problems in people's life within their counties with their own strength.

If we make tenacious efforts, using our wisdom, we can turn disadvantageous to advantageous conditions, can overcome any difficulty, and can markedly enhance the people's lives in mountainous areas, industrial districts, the seashore, and all other places.

The great leader [suryongnim] has taught that we should make the people in all areas live well by taking advantage of mountains in mountainous area and of the sea in the area embracing the sea. By deeply cherishing his teaching, we should effectively use natural and geographic conditions in their respective districts.

All functionaries and workers in commercial service should actively build raw material bases and cultivate (?farm) land according to natural and geographical conditions in their district. By mobilizing and using to the maximum local material resources including fruit, mountain vegetables, and seaweeds, they should manufacture what is not available and should discover what is in short supply, and should resolve problems in people's lives with their own strength to the end by all means.

At the same time, we should properly organize and carry out the procurement work and should actively increase the source of raw materials by mobilizing and utilizing agricultural products and various idle raw materials.

By reasonably organizing labor management, we should vigorously wage the struggle for increasing production and conservation and should produce what is needed for the people's lives, even one more and better piece. Functionaries in commercial service should make all possible sincere efforts to reduce the burden of the state.

They should increase the number and quality of daily necessities for the people by mobilizing and utilizing natural resources and internal reserves in their district with their own strength according to the demand of the Chong Chun-sil movement. At the same time, we should vigorously carry out the technological innovation movement.

By establishing precise traits on science and technology, functionaries in commercial service should actively organize and mobilize the masses so they can carry out production of commercial goods and commercial service work on a scientific and technological foundation.

Functionaries should back up the broad masses so they can intensify organizational and political work as well as the work to (?disseminate) techniques aimed at actively carrying out the technical innovation movement; can endlessly innovate technology by pooling (?collective) wisdom; and can support and implement the valuable ideas for technical innovations put forth by the workers.

In this way, they should further satisfy the demands of the people in their livelihood by better solving the questions of fuel, power, and raw materials with their own strength, and by producing more useful and well-designed techniques of good quality, while modernizing technology and equipment.

In order to intensify and develop the Chong Chun-sil movement, all functionaries should set examples and should show by practice rather than by precept in leading the masses. [applause]

For functionaries to set examples and show by practice rather than by precept is one of the important demands of the Chong Chun-sil movement.

As in all other work, in commercial service work the setting of examples by functionaries at the head of the masses is exerting a stronger influence than hundreds of words on indoctrinating and leading the masses.

Instead of roaring commands at the masses, all functionaries should stand at the head of the ranks, saying: "Come forward after me!" They should try to carry out the work of four or five people, not just a share of work allotted to them individually, in order to solve the question of the people's livelihood, and should firmly tie up their shoelaces.

Functionaries should be the first to begin difficult and hard work before anyone else, and should climb more mountain ridges and carry more burdens on their backs than anyone else for the sake of the people's livelihood.

Together with this, they should help people enjoy more benefits, carrying out more portions of the work themselves. They should feel honor and dignity in this as the true servants of the people.

To consolidate the party's guidance of the Chong Chun-sil movement is an important demand arising from continuing to pertinaciously push for this movement.

In accordance with the dear comrade leader's policy to more vigorously carry out the Chong Chun-sil movement, at present the (?relevant party committees) should closely link this with the Three-Revolution Red Flag Movement and should actively back up this movement, thus helping produce more exemplary units of the Chong Chun-sil movement while taking hold of this movement as work which should be carried out at the party committee-level.

At present in every place across the country, numerous good and touching deeds by functionaries in the commercial service sector and by volunteers are being brought into bloom because of the flames of the Chong Chun-sil movement.

Party organizations should acquaint themselves with and grasp the process of the Chong Chun-sil movement on a regular basis; should take necessary measures; should discover affirmative examples and good experiences on a timely basis; and should actively generalize them, thereby helping the movement thoroughly turn into a movement of the masses themselves.

In this way, as ardently wished by the fatherly leader during his lifetime, they should help produce dutiful sons and daughters in all counties like Chong Chun-sil.

The party's expectation of the Chong Chun-sil movement is great; the responsibility of the Chong Chun-sil movement's forerunners is heavy.

All functionaries, party members, and workers should keep the party's (?trust) deep in their hearts and should more vigorously carry out the Chong Chun-sil movement, thus adding spurs to the chuche-orientation of the entire society and actively contributing to the improvement of the people's livelihood.

Next year will be a meaningful one marking the 50th anniversary of the great leader Comrade Kim Il-song's accomplishment of the fatherland's liberation and the party's founding.

We should more forcefully press ahead with socialist construction, and should further intensify and develop the Chong Chun-sil movement while highly upholding party leadership [yongdo], thus achieving brilliant labor success in effecting a great turn in the people's livelihood. With this labor success, we should add more luster to the immortal and precious achievements made by the respected and beloved leader—who regained a lost country, built the great chuche-style party and state, and established the socialist paradise on this land—thereby making the felicitous next year a year of the most proud victory in the history of our fatherland. [applause]

The future of our people under the great party's leadership [yongdo] is brilliant; our revolutionary cause will always be ever-victorious. [applause]

All should carry out the work in a more revolutionary and militant manner, with conviction and enthusiasm; should increase the might of our fatherland in every way; and should effect a revolutionary turn in enhancing the people's livelihood, while firmly rallying around the party Central Committee centered on Comrade Kim Chong-il. [applause and shouted slogans]

#### **Paper Commemorates World Day of Human Rights**

SK1012044894 Pyongyang KCNA in English 0417  
GMT 10 Dec 94

["MINJU CHOSON Observes World Day of Human Rights"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 10 (KCNA)—MINJU CHOSON today in a signed article

dedicated to the world day of human rights declares that the people are guaranteed genuine human rights in the political, economic, cultural and all other realms under the man-centred socialist system of our style.

The genuine rights of the working masses can be guaranteed only under the socialist system and their human rights are ruthlessly violated under the capitalist system where money is everything, the paper says, and goes on:

All the people participate in socio-political life and exercise state power with equal rights in our country.

All our people are ensured everything needed for living—food, clothing and housing—by the state and are leading a happy life, enjoying the benefits of free medical care and free education.

The Korean people will vigorously struggle to defend and exalt the anthropocentric socialist system of our style most superior in the world, which guarantees them genuine political rights and happy life.

#### **Merits of Technical Innovation Proposals Noted**

*SK1012045394 Pyongyang KCNA in English 0435 GMT 10 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—Many new technical innovation proposals helpful towards the implementation of the revolutionary economic strategy of the Workers' Party of Korea have been made by the April 15 technical innovation shock brigades throughout Korea.

About 112,600 proposals were applied to production in the first ten months of this year.

The Yomju and Pukchong County farm machine work stations remodeled 4 hp [horse power] motors and carburettor to save much oil. A number of co-op farms including the Haewol cooperative farm in Yonan County have built production bases for substitute fuel to radically raise the operation rate of farm machines.

The technical innovation shock brigades in the light industry in the same period have introduced 20,000 technical innovation proposals, which made it possible to boost production with existing assets.

The Pukchang thermal power complex has become able to save 2,600 tons of oil and 40,000 tons of coal while increasing production by introducing a flame stabilizer into the boilers.

The Changjagang hydro-power station have increased the efficiency of the wheels 15 percent by remodeling the turbine vanes.

The Anju area coal complex has introduced a small cylinder coal cutter to largely cut the production cost per ton and the Changan coal mine under the Pukchang area coal complex has saved the consuming rate of pit props and explosives 25 percent below the norm by introducing technical innovation proposals.

#### **South Korea**

##### **U.S. Senators: North 'Positive' on N-S Talks**

*SK1312005294 Seoul THE KOREA TIMES in English 13 Dec 94 p 1*

[FBIS Transcribed Text] North Korea positively responded to the resumption of inter-Korean dialogue even though they didn't give any specific commitment to it, two U.S. senators said upon arriving here from their two-day visit to North Korea.

"When we mentioned questions of dialogue and reconciliation, they were positive. But we did not get any specifics on what level or who should be at the dialogue. But there were fairly positive receptions to the idea Frank Murkowski told reporters at a press conference to the U.S. Embassy here.

The press conference came after Murkowski and Sen. Paul Simon met President Kim Yong-sam and Foreign Minister Han Sung-chu to explain the result of their visit to North Korea which was to check the implementation of the nuclear accord reached between Washington and Pyongyang in October. In spite of the U.S. senators' wishes, they couldn't meet de facto North Korean leader Kim Chong-il. They met Foreign Minister Kim Yong-sun and Yang Hyong-sop, speaker of the Supreme People's Assembly.

"We didn't seek Kim Chong-il. It was explained that he is still in a period of mourning for his late father," the senator said.

Sen. Murkowski, a Republican who has been critical of the Geneva nuclear agreement, and Sen. Simon, a Democrat from Illinois arrived in Seoul from Pyongyang via the truce village of Panmunjom at around 3:00 PM.

"They clearly wanted to establish improved relations with the United States. And this came up over and over again. And we said we also like to establish an improved relationship," Simon said.

In the Geneva accord, Washington and Pyongyang agreed in principle to establish an ambassadorial-level relationship if all obstacles like the nuclear row are cleared. Recent expert-level talks in Washington brightened the prospects for an early diplomatic normalization between them.

He said that North Korea requested them to "come back and stay more." It also wished that other U.S. legislators and government officials would visit Pyongyang in the future, he added.

When asked about whether he changed his stance on North Korea after the visit, Murkowski said his view "changed to some extent."

Murkowski said that he is critical of the agreement because inspections on the North's nuclear waste storage sites will come five years later when almost half of 4

billion dollars needed to build two nuclear plants would have been already offered to North Korea.

However, the senators said that the Geneva agreement must be "thoroughly examined" by Congress and there must be full inspections on the North's undeclared nuclear facilities by the International Atomic Energy Agency [IAEA].

The two senators showed up at the truce village about 30 minutes later than scheduled and flew via helicopter to the Yongsan Military Compound in Seoul.

They flew into Pyongyang from Beijing aboard a U.S. Air Force plane Sunday, on what was billed as the first U.S. military flight into North Korea since the end of the 1950-53 Korean War.

Upon their arrival in North Korea Sunday, they were greeted by Song Ho-kyong, adviser to the foreign affairs committee of the Supreme People's Assembly, and other officials, the North's official Korean Central News Agency said.

#### **DPRK Visit by Senators Murkowski, Simon Viewed**

*SK1312075194 Seoul HANGYORE SINMUN in Korean 13 Dec 94 p 3*

[By reporter Kim Song-ho]

[FBIS Translated Text] Following the recent visit to North Korea by U.S. Senators Frank Murkowski and Paul Simon, Congressmen from the House of Representatives, including Bill Richardson, are also expected to visit North Korea soon. Thus, U.S. Congressmen will be visiting North Korea in succession.

U.S. Congressman Richardson of the Democratic Party, who will reportedly visit North Korea early next week, belongs to the House Energy Committee. He will reportedly meet North Korean officials and discuss the issue of alternative energy for North Korea, as well as the improvement of bilateral relations between the United States and North Korea.

These visits to North Korea by U.S. Congressional figures draw special attention because they are made at a time when implementing the agreed framework reached at the Geneva talks and improving bilateral relations between the two countries are being discussed.

In particular, North Korea's providing warm hospitality to Frank Murkowski, who has reportedly assumed a hard-line attitude toward North Korea in connection with the nuclear issue, by allowing him to arrive in Pyongyang by U.S. military aircraft, is indeed exceptional.

Senator Frank Murkowski, chairman-designate of the U.S. Senate Foreign Relations Subcommittee for Asian and Pacific Affairs, is known as a typical conservative hawk in the Republican Party. Early this year, he insisted

on imposing strong sanctions against North Korea in connection with the North Korean nuclear issue, and recently referred to the possibility of scrapping the agreed framework reached at the U.S.-North Korea talks in Geneva.

When the U.S. Government informed the North Korean UN Mission in New York of the two Congressmen's desire to visit North Korea, Pyongyang did not take a negative attitude, going so far as to allow them to enter North Korea by U.S. military aircraft, which is the first such occurrence since the Korean War. This shows that Pyongyang paid special consideration to these Congressmen's visit.

It has been learned that North Korean Foreign Minister Kim Yong-nam and other North Korean leaders showed a conciliatory attitude toward the United States by asking the Senators to visit North Korea again in the future, along with other U.S. Congressmen.

On the other hand, Senator Murkowski and his fellow Congressman held a news conference at the American Embassy in Seoul on 12 December after arriving from Pyongyang. During the news conference, the U.S. Congressmen showed their remarkably changed views on North Korea, assuming a friendly attitude, and thus drawing attention.

Saying that "my view on North Korea has been influenced by the current visit to some extent," Senator Murkowski stressed the need to sincerely implement the U.S.-North Korea framework agreement on the North Korean nuclear issue, and to provide U.S. support for energy and foreign exchanges to North Korea.

Regarding such a "changed mind" by Senator Murkowski, who until recently has been known as a hawk toward North Korea, diplomats concerned said: "We really cannot understand why people become pro-North Korean after returning from a visit to North Korea."

#### **Editorial on U.S.-North Ties, N-S Cooperation**

*SK1312123594 Seoul MAEIL KYONGJE SINMUN in Korean 13 Dec 94 p 3*

[Editorial: "U.S.-North Korean Relations and South-North Economic Cooperation"]

[FBIS Translated Text] We have so far harbored bloated expectations for South-North economic cooperation as a result of the settlement of the U.S.-North Korean negotiations on the nuclear issue. However, we are now faced with a complicated situation in which we cannot be positive about such expectations due to the North's uncooperative attitude and double-dealing. Believing that the settlement of the nuclear issue provided a decisive turning point to improve South-North Korean relations, the government has taken one active step after another toward economic cooperation with the North, including: The government unilaterally proclaimed its

policy last month concerning economic cooperation with the North, and on 10 December granted approval to businessmen from six enterprises, including Samsung and Hyundai, to visit the North.

This notwithstanding, North Korea has maintained an insincere and arrogant attitude to such an extent that we view it as a tactic to pour cold water on our gestures for economic cooperation. The North officially rejected our policy last month to resume South-North economic cooperation while abandoning our policy to link the nuclear issue with economic cooperation; before and after our government granted approval to the above-mentioned businessmen to visit the North, the North showed an irresponsible attitude by saying it would not allow these businessmen to visit, or by saying it would put off issuing permission for them to visit. Of course, it is difficult for us to know the North's real intention because it has not been officially confirmed yet as to whether the North will allow ROK businessmen to visit. Anyway, it is true that whenever our side showed sincerity, the North poured cold water on this, officially or unofficially.

In particular, what embarrasses us is the North's double-dealing toward South-North economic cooperation. Regarding the latest question of the ROK businessmen's scheduled visit to the North, even though the North has steadily yet unofficially contacted our businessmen in the PRC, when our government granted approval to relevant businessmen, the North rejected it. There are some who surmise that North Korea may have a justifiable reason for doing so. However, in view of the rapidly developing U.S.-North Korean relations, the "theory that North Korea may have a justifiable reason" is not so convincing. It has been reported that the United States and North Korea have agreed to establish liaison offices in each other's capitals around April next year. Senior members of the U.S. Congress visit the North one after another. This would have been impossible if there had been an abnormality in the Kim Chong-il system, or if North Korea had been faced with a serious internal problem.

In light of the North's attitude toward South-North economic cooperation and the improvement of general relations between the South and North, we cannot help but say that they have not taken even a single step away from their so-called "southward strategy." What is particularly noteworthy is the fact that as its relations with the United States improve, the North has proportionally shown, in a more undisguised way, a double-dealing and insincere attitude toward South-North Korean relations.

This is where we have to be skeptical about our vague expectation that South-North Korean relations will naturally improve as U.S.-North Korean relations improve. Our policy concerning South-North economic cooperation, and our general policy concerning the North, have so far been based upon common sense and general knowledge. We now need to tint such policies with a

relevant strategy so that we may not be fooled by such North Korea's calculated strategy and intentions. In the same context, enterprises whose businessmen have been granted approval by the government to visit the North are required to engage in more prudent activities concerning economic cooperation with the North.

#### **DPRK Urges End to N-S Strife, Slandering**

*SK1312083294 Seoul YONHAP in English 0820 GMT 13 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP)—North Korea called Tuesday [13 December] for an end to all forms of inter-Korean political strife and slandering for the sake of national reconciliation and unity.

Naewoe Press, the official North Korea watcher here, quoted Radio Pyongyang as having made the call Tuesday after asserting that political strife between the South and North "is a basic factor that blocks national reconciliation and unity, and that brings about confrontation in all areas like the military, economy and culture."

Reasoning that continued enmity and jealousy between the two halves of Korea would only allow third parties to fish in troubled waters, Radio Pyongyang reiterated: "All sorts of political strife, provoking the other side and creating mistrust, should be stopped and calumny and slandering suspended, forsaking the past perception of confrontation."

The radio, however, denounced the South for the recent deterioration in inter-Korean relations and the agony of national division, saying: "They (the problems) have stemmed from sordid flunkyism, selling the nation on the part of the anti-national South Korean forces. This indicates that no reconciliation and unity between the North and South can be achieved with the incumbent South Korean regime remaining intact."

It also maintained that the "10-Point Platform for Grand National Unity" proclaimed by Kim Il-song is "a lighthouse that enables the nation to advance national unification to the 90's without fraternal struggle and through peaceful means."

#### **'More Adroit Strategy' Urged for N-S Talks**

*SK1312081294 Seoul CHOSON ILBO in Korean 13 Dec 94 p 3*

[Editorial: "Progress in U.S.-North Korea Relations and a Stalemate in North-South Relations"]

[FBIS Translated Text] As a result of the agreement in the U.S.-North Korea high-level talks in Geneva, U.S.-North Korea relations appear to be developing more smoothly than expected. The United States and North Korea agreed on technical issues, except for one or two, at experts' talks to discuss an exchange of liaison offices in Washington and Pyongyang. They also agreed to hold further talks early next year. It is predicted the United

States and North Korea will be able to exchange liaison offices around April next year if no unforeseen accident takes place.

At around that time, the International Atomic Energy Agency, in Vienna, reported that its verification of North Korea's nuclear freeze was going smoothly. Also, two U.S. senators arrived in Seoul via Panmunjom after visiting Pyongyang, as if the frozen U.S.-North Korea relations had thawed.

However, a brake is applied to U.S.-North Korea relations whenever North-South Korea relations are involved; The U.S. senators planned to go to North Korea from Seoul by a military plane, stay a night there, and return to Seoul. We can easily guess their plan was foiled by North Korea's allergy to Seoul.

North Korea is fundamentally insincere toward North-South dialogue, which it promised to facilitate in the U.S.-North Korea agreement. North Korea responded to our side's decision to resume North-South economic cooperation merely with slanders. Also, it reportedly asked ROK businessmen to postpone their planned visits to Pyongyang. We think the North-South economic cooperation issue, as well, will face significant trouble.

We, first of all, urge North Korea to promote an atmosphere favorable to dialogue and come to North-South dialogue with sincerity according to the Geneva agreement. North Korea has no reason to waste even a day if construction of light-water reactors were impossible without substantial progress in North-South relations.

We, second of all, urge our Government to probe efficient ways to facilitate North-South dialogue. Our begging will not make North Korea come to North-South dialogue; We must make North Korea beg for dialogue.

As long as we have agreed to be responsible for approximately 70 percent of the expenses for building light-water reactors, we can use this as leverage in North-South dialogue. Instead of anxiously presenting conditions for providing North Korea with money, we must make North Korea ask us to provide it with money in return for something it would do. A more adroit strategy is necessary to solve the nuclear problem.

#### **WB, IBRD Developing Plan To Aid DPRK**

*SK1012023394 Seoul YONHAP in English 0118 GMT 10 Dec 94*

[FBIS Transcribed Text] Washington, Dec. 9 (YONHAP)—The International Bank of Reconstruction and Development (IBRD) is looking to help North Korea open up economically, using the momentum of the Washington-Pyongyang agreement on reshaping the North's nuclear program reached in October.

Sources here revealed Friday that the World Bank's [WB] North Korea support program is at the initial stage for now, but it bears significance for the reclusive

country to gain international confidence for introducing much-needed foreign capital.

North Korea has not been admitted to the World Bank, but the influential economic body will play a key role in educating North Koreans as it did in the past with citizens of the former Soviet Union, Vietnam and South Africa, the sources said.

For example, the IBRD created a special organization in Austria at its own expense and offered intensive market-economy courses to manpower from the former Soviet Union even though the communist country had not been formally admitted to the bank at that time.

The sources explained that the World Bank granted public loans after training economic personnel from the former Soviet Union, South Africa and Vietnam, predicting that a similar method is likely to be employed with North Korea.

They noted that the International Monetary Fund (IMF) and the Asia Development Bank (ADB) have shown great interest in assisting in North Korea's economic opening.

Saying that the Clinton administration could be hamstrung in supporting the North Korean economy by Republican restrictions, they predicted that it would exercise influence over the World Bank and the IMF—in which Washington holds the largest shares—when it comes to extending public credit to the north.

Another source here pointed out that North Korea will eventually seek admission to the IBRD and IMF, leaving the United States no choice but to play a decisive role in seeing the North's economy open up to the world.

Meanwhile, a U.S. official well versed in the Korean economy said that two more American consulting firms besides Mackenzie Consultant Co. are in North Korea, with substantial progress in their studies of such areas as communications and electricity.

#### **Conflict Reportedly Emerges Inside Chongnyon**

*SK1012060794 Seoul TONG-A ILBO in Korean 10 Dec 94 p 2*

[Report by NAEON News Agency]

[FBIS Translated Text] Amid the amplified rumor on conflicts between Yi Chin-kyu, first vice chairman of the General Association of Koreans Residing in Japan [Chongnyon]; and Ho Chong-man, responsible vice chairman of Chongnyon; recent remarkable solo activities by the latter attracts public attention.

Lately, responsible Vice Chairman Ho Chong-man has repeatedly stressed his unchanged loyalty to Kim Chong-il, on behalf of Chongnyon. He delivered North Korea's principled position of its external policies, including the policy on the establishment of North Korea-Japan relations, to the Liberal Democratic Party of Japan on 29

November. This makes observers presume that he has assumed actual power in Chongnyon, leaving Yi Chin-kyu out.

In particular, Ho Chong-man admired Kim Chong-il as "another great leader [suryong]" through Pyongyang radio on 24 November and on 8 December, when the fifth month after Kim Il-song's death was marked, and pledged to strengthen the Kim Chong-il leadership system in Chongnyon and to glorify the Kim Chong-il era.

Meanwhile, First Vice Chairman Yi Chin-kyu, who has led Chongnyon along with Han Tok-su, has not appeared in any official activity lately, in contrast to Ho Chong-man.

Chairman Han Tok-su, who suffers from old age ailments, has also now given up handling practical affairs.

All of a sudden in July of last year [as published], North Korea established the position of "responsible vice chairman," which is not stipulated in the Chongnyon regulations, and appointed Ho Chong-man, who is known as a person close to Kim Chong-il, to the position, and thereby it has pursued the reorganization of Chongnyon in conformity with the Kim Chong-il system.

Accordingly, as conflicts between new and old forces in Chongnyon have been brought to public notice, an increasing number of people are withdrawing from Chongnyon.

#### **Kyonggi Asks Faster Compensation for U.S. Crimes**

*SK1312100694 Seoul HANGYORE SINMUN in Korean 13 Dec 94 p 21*

[By reporter Pae Kyong-rok from Suwon]

[FBIS Translated Text] On 12 December, Kyonggi Province filed a motion with the ROK Government requesting expeditious processing of government compensation to residents who were victimized by crimes and accidents perpetrated by U.S. Forces in the ROK.

The ROK Government compensates for damages resulting from crimes and accidents perpetrated by U.S. Forces in the ROK according to the National Compensation Law; however, the residents are complaining that the procedure is complicated and the evaluations are often delayed, sometimes for more than six months.

In the case of Tongduchon, where the U.S. Second Division is posted, there were 159 reported crimes and accidents by U.S. Forces as of the end of November, including 12 cases of larceny, 59 of violence, and 88 accidental injuries or homicides. This is a 46-percent increase over the same period in 1993, which witnessed a total of 109 cases [as published], including two of larceny, 46 of violence, and 60 accidental injuries or homicides. Residents are frequently in dispute with U.S. military authorities.

For crimes and accidents committed by off-duty U.S. soldiers, the U.S. military pays part of the medical costs in advance. For crimes and accidents committed by on-duty U.S. soldiers, the ROK Government is responsible for compensation according to the ROK-U.S. Administrative Agreement. However, the victims must undertake complicated procedures.

In particular, hospitals are reluctant to treat victims despite the payment guarantee by the pertinent regional government office.

In Tongduchon and other areas where U.S. Army bases are located, resident groups, college students, and student groups continue to visit U.S. Army bases to appeal, causing conflict between U.S. authorities and residents. Kyonggi Province filed the motion asking the ROK Government to shorten the evaluation period of compensation applications, to pay in advance and settle the accounts later, and to open a separate reception desk exclusively for the settlement of compensation claims.

#### **Increasing Introduction of U.S. Technology Noted**

*SK1212082494 Seoul CHUNGANG ILBO in Korean 12 Dec 94 p 34*

[By reporter Cha Chin-yong]

[FBIS Translated Text] The route of our country's introduction of overseas technologies is switching from Japan to the United States.

The Korea Industrial Promotion Association, headed by President Kang Sin-ho, recently conducted a survey of the country's introduction of overseas technologies from January to August 1994. According to the survey, introductions of U.S. technologies totalled 126 out of 338 cases, while Japan totalled 116. For the first time, the United States ranks first in transferring technologies to the ROK, surpassing Japan which used to always be first.

The ROK introduced 224 cases of U.S. technologies in 1993, up 37.4 percent from 1992; the total introduction of U.S. technologies from January to August 1994 was up as much as 59 percent from the same period last year. Accordingly, the introduction of U.S. technologies accounted for 30 percent of the total cases of overseas technology introductions by the ROK in 1992, 31.6 percent in 1993, and 37.2 percent in 1994 (as of end of August).

In contrast, the introduction of Japanese technologies from January to August 1994 was down 9.5 percent from the same period last year; it accounted for 34.3 percent of the total cases of overseas technology introduction by the country, also down from last year.

However, the introduction of Japanese technologies from 1962 to August 1994 accounts for 48.8 percent of the total 9,104 cases of overseas technology introduction during the period, remaining overwhelmingly predominant.

It has been analyzed that the introduction of U.S. technologies is increasing because the United States is willing to transfer its technologies when it is paid reasonably, unlike Japan which is conservative in transferring updated technologies. In addition, U.S. consulting organizations and state governments show an active attitude in establishing offices for technology transfer, so ROK companies can easily obtain the necessary technological information from the United States.

Meanwhile, summing up overseas technologies introduced this year by field, the electric and electronic sector ranks first with 112 cases, followed by the machinery sector (89 cases), the refinery and chemical sector (39 cases), and food sector (18 cases).

### **Japan Blocks Public Construction Market to South**

*SK1212021094 Seoul YONHAP in English 0155 GMT 12 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP)—Japan has slammed the door on its public construction market to South Korean companies since April, while opening it to those of 23 countries which have endorsed the Agreement on Government Procurement (GPA). Accordingly, Seoul is strongly urging Tokyo to permit South Korean firms to participate.

Sources said Monday that through such meetings as the New Initiative for Economic Partnership (NIEP) and the first Construction Economy Exchange Consultation (CEEC) since the Seoul-Tokyo summit in March as well as construction ministers' talks, Seoul has asked Tokyo to include it among those nations which have been allowed to enter the latter's public construction market.

Taking a position of reciprocity that it cannot open its market to South Korea unilaterally when the latter's market remains closed, the Japanese Government is refusing South Korean builders' advance into its market until 1997 when Seoul joins the GPA, according to the sources.

But Seoul is strongly urging Tokyo to open its market now, saying there is no reason for Japan to link the issue with the GPA since it has advanced its market opening date independently at the request of the United States, rather than based on reciprocity, the sources said.

The Construction Ministry maintains that Japan should allow South Korean firms to advance into the Japanese market given the severe trade imbalance between the two countries and wants consultations to address the issue.

Japan is seemingly concerned about rapid encroachment into its market by South Korean builders making use of geographical and cultural advantages, said a Construction Ministry official, adding: "We will raise the issue again at the second CEEC to be held next month in Seoul."

In the meantime, Japan, whose construction market is regarded as one of the largest in the world with volume of 700 billion U.S. dollars annually, opened its public building market on Jan. 18 this year under pressure from the United States but limited participation to GPA members.

### **Poland Agrees to Joint Technology Projects**

*SK1112020394 Seoul THE KOREA HERALD in English 11 Dec 94 p 3*

[FBIS Transcribed Text] South Korea and Poland have agreed to conduct joint research projects in the fields of science and technology.

Minister of Science and Technology Kim Si-chung met with his Polish counterpart Witold Karczewski at the ministry and discussed ways to strengthen mutual cooperation. Karczewski was in Seoul accompanying Polish President Lech Walesa.

At the end of their talks, Kim and Karczewski signed a ROD (record of discussion) on the promotion of joint researches and personnel exchanges.

They agreed to push ahead with eight joint R&D [research and development] projects between the two countries and hold the first Korean-Polish joint committee on science and technology in Warsaw next May. Among the eight proposed projects, the Korea Institute of Science and Technology (KIST) and Poland's Institute of Thermal Engine and Motor Transport plan to carry out joint researches on the computer-installed automobile engine.

Increased technological cooperation will greatly serve mutual interests as Poland is highly advanced in the fields of mathematics, applied physics, chemistry, acoustics, optical science, and mining technology, a ministry official said.

The bilateral R&D ties may extend to the areas of joint production and sales in the near future, the official said.

As for the personnel exchanges, the two ministers agreed to have three Polish scientists invited to Korean colleges and research labs for R&D activities next year.

They also agreed to exchange 10-man fact-finding missions before next May to probe other fields of mutual cooperation.

Korea and Poland signed an accord on bilateral scientific and technological cooperation in ministerial talks in June 1993 and are currently conducting a joint research on the designing of analogue application circuits.

### **Ministry on Adjustment, Quota Tariff Rates**

*SK1112021494 Seoul THE KOREA HERALD in English 11 Dec 94 p 8*

[FBIS Transcribed Text] The government will apply adjustment tariff rates to 38 items and quota tariff rates

to 46 items next year, the Ministry of Finance said yesterday. The number of items that will be subject to the flexible tariff rates are much smaller than were requested by the relevant ministries.

The Ministry of Finance said the ministries had called for flexible tariff rates for 118 items—47 items for the application of adjustment tariff rates and the rest for the application of quota tariffs.

Adjustment tariffs, whose rates are higher than basic tariff rates, are used to protect domestic industries from a surge in imports. Currently 42 items are subject to adjustment tariff rates.

On the other hand, 39 items are now subject to quota tariff rates, which is applied to a fixed volume of imports whose prices have surged.

While the new adjustment tariff rates on the 38 items will remain effective all of next year, the quota tariffs will be effective for six months.

The ministry said the government has tried to reduce the number of items subject to adjustment tariffs and lower their rates for next year when the World Trade Organization is scheduled to be launched. Many of Korea's trading partners complain about adjustment tariffs as an obstacle to free trade.

One category of such items is woolen woven fabrics, whose tariff rates according to members of the European Union are too high.

In response to their complaints, the ministry said, the government decided to lower the rates from the uniform 19 percent this year to a range from 13 percent to 17 percent.

The new rates are still higher than the basic 8 percent but close to the rates applied by EU members, the ministry said.

The government also tried to reduce the number of items subject to quota tariffs, whose rates are lower than the basic rates, to the minimum as they would reduce the nation's revenues though they help stabilize consumer prices.

In the case of bananas, however, 20,000 tons of imports will be subject to 90 percent rates, far higher than the basic rate of 30 percent, which will be applied to imports in excess of 20,000 tons.

The ministry said the government will be slapping the quota tariff rate higher than the basic rate to protect the domestic banana growers.

#### **Hong Kong Governor Supports Bid for WTO Head**

*SK1312025194 Seoul YONHAP in English 0240 GMT 13 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP)—Visiting Hong Kong Governor-general Christopher Patten, declaring that South Korea and Hong Kong can

work together in the Asia-Pacific Economic Cooperation (APEC) forum, said the colony supports Trade-Industry-Energy Minister Kim Chol-su's bid to become the first director-general of the World Trade Organization (WTO).

At a breakfast meeting hosted by the Korean newspaper editors' association at the press center Tuesday, the governor-general noted that "the purpose of my visit is to discuss bilateral cooperative relations within APEC and to reaffirm Hong Kong's support" for Kim's WTO candidacy. "South Korea and Hong Kong share values and aims as well as a market economy," he noted.

As to Hong Kong's handover to mainland China in 1997, he said it was important for China to understand the open and diverse society of Hong Kong. The governor-general emphasized that until then, he would do his best to preserve Hong Kong's values under a fair legal system.

Expressing optimism that Hong Kong society would remain as it stands even after 1997, Patten pointed out that China would preserve the colony's current economy in its own national interest, that people in Hong Kong have experience overcoming adversity, and that there are other examples of one state and two political systems.

Regarding China's refusal to accept Hong Kong Legislative Council reforms, Patten said that his government would call on China to have second thoughts on that, adding that sovereignty should be secured not unilaterally but by winning people's hearts.

He will leave Seoul for Japan Tuesday afternoon.

#### **Seoul Plans Increase in Loans to Other Nations**

*SK1212080794 Seoul YONHAP in English 0726 GMT 12 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP)—South Korea plans to hike the scale of loans provided to developing countries in 1995 from 128.5 million U.S. dollars this year to over 200 million dollars.

Finance Ministry officials said Monday [12 December] the nation will extend over 200 million dollars in low-interest, long-term loans from the Economic Development Cooperation Fund (EDCF) next year.

The government has received 27 loan applications from 12 countries including China and Vietnam, with the size of loans to be determined through feasibility studies by Seoul negotiating teams, according to the officials.

The provision of EDCF loans next year will be concentrated on Asian countries such as China, Vietnam, Indonesia, the Philippines and India. Some 40 million dollars is expected to be earmarked for a Time Divisional Exchange (TDX) project in China and 50 million dollars for piped water and road construction projects in Vietnam.

EDCF loans extended this year amount to 128.5 million dollars for 11 projects in six nations. The list includes 43.12 million dollars to China, 35.25 million dollars to the Philippines, 17 million dollars to Myanmar [Burma], 15 million dollars to Egypt, 10.12 million dollars to Indonesia and 8 million dollars to Ghana.

By category, the loans provided this year break down to 43.12 million dollars for transportation, 42 million dollars for energy, 10.25 dollars for communications, 10.12 million dollars for education and 23 million dollars for others.

For a power transmission and distribution network expansion project in Mindanao, the Philippines, South Korea released in June a 10.7-million-dollar loan—a first under basic cooperative loan agreements concluded with the World Bank in 1992 and the Asia Development Bank in 1993.

Since the EDCF's establishment in 1987, South Korea had extended 424.75 million dollars in loans as of last month's end for 34 projects in 21 countries.

#### **Training Studied for 'Globalization' of Officials** *SK1012024994 Seoul YONHAP in English 0121 GMT 10 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 10 (YONHAP)—The government is studying plans to have all public officials undergo a year's overseas training once every 10 years.

A senior government official said Saturday the idea was conceived out of the need for public servants to gain a better understanding of things foreign to aid the nation's globalization.

The scheme will also help "progressively digest" the surplus manpower caused by the ongoing government reorganization, the official said.

He noted that up until the 1980s, public officials were able to stand above their counterparts in the private sector.

"Today, however, private sector people have developed themselves epochally to such an extent as to outpace the potential of public officials," he said.

Under the circumstances, he said, an acute need has arisen for a public officials' "refill" program whereby even those who have previously been trained abroad at government expense would be given the chance to train overseas once every 10 years.

Even if 1,000 public officials, for instance, were trained abroad for one year at 30,000 dollars apiece, the total expense would be "no more than 25 billion won," he added.

#### **'Text' of General O's Farewell Speech Reported** *SK1312041094 Seoul CHUGAN CHOSON in Korean 15 Dec 94 pp 32-33*

['Text' of 'farewell speech' by Major General O Hyong-kon, commandant of Third Military Academy, at ceremony marking his reassignment held at the Third Military Academy on 25 October]

[FBIS Translated Text] Commander of the Army Training Command; distinguished domestic and foreign guests, and dear officers and men of the Third Military Academy, I am standing here to bid you farewell.

Since I assumed the heavy duty of organizing the training of officers 18 months ago, without deep knowledge of this Academy, I made efforts to command the unit with common sense within the scope of laws and regulations with a keen sense of responsibility. However, I think that at times you might have received unreasonable directives and requests. Taking this opportunity, I wish to express my appreciation and compliments to the commandant of the student regiment and instructors in the department of military studies who fulfilled their duties, even with limited patience; instructors in the department of college subjects who participated in Academy activities affirmatively and positively; and staff officers in the Academy, and officers and men of the logistic group who sincerely carried out their assignments.

Education is the foundation for the nation's long-term management plan and training is the basis for fostering a strong army. Without investment in education and training, no one can hope for the future of the armed forces. Indeed, investment in training is a selfless, faithful stance of service and is an act of love of the military.

Dear officers and men!

Our Armed Forces is faced with a serious crisis in their existence, greatly disappointing the people, and worried voices are being heard. An Army in which the channel of command is wavering and a system for giving and obeying orders is not established, cannot exist or is worthy of existing. This Army has merely the shape of an army, but is not an army in the true sense. We should look at today's Army with a grim resolution [pijangan kago] and should steady our mind.

Our Army suffered unilateral whippings from various social sectors, from the media in particular, for the past several years in nearly a defenseless state. We should reflect on whether such a whipping was done viciously or a whipping of love. Some political circles infringed upon the self-respect of the military and the morale of soldiers was depressed. Moreover, they took the lead in enervating, weakening, and ridiculing the military by fostering its division.

A soldier's life is limited. However, the armed forces are everlasting, together with their nation. One may infringe

on the honor of a soldier, but no one can ridicule the armed forces. No society and nation can disable their armed forces with their own hands.

Dear officers and men!

The senseless and unreasonable policy toward North Korea implemented by some political circles fostered ideological confusion and confrontation within our society, and caused a preposterous situation in which the identification of our main enemy was confused.

When our Army was groaning under a fierce stormy wind and when our soldiers and young officers were roaming about and looked to their leaders, we did nothing for the Army and for our soldiers.

No one threw his body down to protect the Army. No one assumed the responsibility. Rather, they attempted to shift the responsibility onto their subordinates while protecting themselves behind the military, and spent time tormenting their subordinate units. The military cannot be sound under such an internal and external atmosphere. Today's crisis in the military is a foreseen tragedy.

Dear officers and men!

We cannot shift the responsibility for today's crisis onto anyone else but should resolve it with our own efforts. We should actively inform the people of the position and situation of the military. Our people are indeed ignorant of the military. They are under an illusion as if the military enjoyed special privileges and special treatment in the past.

The military should take the lead in national security policy with a sense of faith and philosophy as the focal group in national security. National security should not be dealt with merely as a regime-level issue. The military should actively raise its own voice loudly.

The upper echelons should become a firm fence and reliable protector of their subordinate units. Is this not the true role of upper echelons?

All commanders should command their units according to laws and regulations. All efforts and interests should be focused on fostering soldiers who are willing to die when commanded, who will be the core force ready to sacrifice themselves in fulfilling their duties. Those who refuse to die cannot be called true soldiers. In peacetime, education and training are the most the military can do. Therefore, the more difficult and more dangerous the training, the better.

Dear officers and men!

My remarks at present are not an expression of my resentment nor complaint toward certain figures. It is a reprimand toward myself as one of your senior officers and as a general officer.

General Son, who assumed the new duty of commandant of the Academy, is a close comrade-in-arms of mine. I firmly believe that he will make great contributions to the development of the Academy. I thank you for your friendship and warmheartedness you extended to me in the past. I wish you, officers and men, many great successes in your future endeavors with General Son in the lead, and wish the Academy continued development.

Good-bye.

### **DLP Chairman Postpones 13 Dec News Conference**

*SK1212125794 Seoul YONHAP in English 1159 GMT 12 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP)—Kim Chong-pil, chairman of the ruling Democratic Liberal Party [DLP], on Monday [12 December] called off his press conference slated for Tuesday. Kim planned to discuss mainly his party posture toward the government reorganization bill in the aborted interview.

Party officials said the cancellation was because it would be not proper for the chairman to discuss the on-going government reorganization at a time when the ruling and opposition parties were still discussing floor schedules on the bill.

But, an informed source said Kim retracted the planned press interview soon after he learned about President Kim Yong-sam's remarks calling for an early DLP national convention.

In an interview with the MBC-TV, that was aired at 8 PM [1100 GMT] Monday, President Kim said the time of the next DLP national convention would be "sooner the better for the invigoration of party programs."

"The cancellation may be taken as a sign of his displeasure at President Kim's public advocacy of an early DLP convention without any advance consultation with him especially because a next convention may decide his fate with the ruling party," the source said.

### **Choe's Idea for DLP Vice Presidency Rejected**

*SK1312095494 Seoul KBS-1 Radio Network in Korean 0900 GMT 13 Dec 94*

[FBIS Translated Text] It has been learned that with regard to the idea of galvanizing the Democratic Liberal Party [DLP], Minister of Home Affairs Choe Hyong-u has called for the establishment of the post of vice president of the DLP and for a free election to that post. It has also been learned that he was reprimanded by President Kim Yong-sam because of this.

One pertinent high-ranking official at Chongwadae [presidential offices] stated: On the morning of 13 December, President Kim Yong-sam telephoned and expressed his deep regret [simgakhan yugam] to Minister of Home Affairs Choe Hyong-u in connection with the

latter's remarks stressing the need to establish the post of party vice president and to introduce a free election system for it, based on the premise that Chairman Kim Chong-pil will resign voluntarily.

This high-ranking official said President Kim reprimanded the home minister because the minister had arbitrarily interpreted the president's real intention and created a stir.

The official said: On 12 December, President Kim said that with a view to galvanizing the party, the sooner a national party convention is convened, the better. The president meant that with the national convention as momentum, we should exert ourselves and pool our wisdom so the party can be born again in conformity with the changing times. It is not desirable for anyone to interpret this from his own standpoint or from his own predispositioned viewpoint.

The official added: In particular, Minister Choe is now working in the government, not in the party; he has long served the president. This is why he was reprimanded so harshly.

#### **Ruling Party Pushes for Revision in Leadership**

SK1312024794 Seoul YONHAP in English 0233 GMT  
13 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP)—The ruling Democratic Liberal Party (DLP) is pushing a revision to the party constitution calling for replacement of the present chairmanship with a few vice presidents, who would be elected through a competitive vote at a party convention, it was revealed Tuesday.

The move, promoted by the democratic faction loyal to President Kim Yong-sam, would likely force DLP Chairman Kim Chong-pil to step down if it were realized.

The revision is being promoted with a view to renovating the DLP at the forthcoming party convention slated for February.

A senior democratic faction member said Tuesday, "The fact that President Kim has decided to convene a party convention for the purpose of 'invigorating the party' can be construed as an attempt to seek a change in the party leadership... The election of a number of vice presidents through competitive voting at a party convention could invigorate the party, allowing men of influence to come to the fore."

The government party has been operating "more or less on a transitional basis, rather than reflecting the domain of influence in the party," the official noted. "With next year's local autonomy elections in mind, it is necessary to construct such a system that permits men of influence to come to the fore and have prominent party members take charge of the elections."

Should the projected revision be adopted, Chairman Kim Chong-pil will have to step down to the second front as long as he does not vie for the vice presidency.

The ruling camp is reportedly considering Reps. Kim Yun-hwan and Yi Han-tong of the Democratic Justice faction and Rep. Choe Hyong-u of the democratic faction as possible vice presidents.

"A vice president winning the largest number of votes at a party convention would assume the duties of a senior vice president," the source said.

Another influential member of the democratic faction said, "In the event Kim Chong-pil steps down as chairman, he would still be able to function as a party elder as a standing party advisor."

The DLP plans to have such a revision to the party constitution resolved by its central Executive Council early next year, then would pass it at the party convention and elect vice presidents immediately.

The government party is also studying plans to select through a competitive vote key party postholders like the chairman of the central standing committee and floor leader, chairmen of special city, provincial and district chapters. A formula calling for competitive balloting in the nomination of party candidates for local elections is also under study, DLP sources said.

#### **President Hints About Timing for Reshuffle**

SK1012061094 Seoul YONHAP in English 0536 GMT  
10 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 10 (YONHAP)—President Kim Yong-sam said Saturday he is willing to overlook someone's past in choosing his next party and cabinet lineup as long as he or she is "upright, patriotic, capable and internationalized."

He said a party-cabinet reshuffle will probably not come before the National Assembly session ends but suggested the prime minister could be replaced before then.

"My basic position is that we don't need to question the past, that we should employ anyone who meets the government criteria," Kim said in an interview with the vernacular daily KUKMIN ILBO on its sixth anniversary.

"The most important thing is uprightness, someone who has the patriotism to sacrifice himself, someone capable and suited to globalization," said the president.

He refused to comment on the scale of the government reshuffle but said replacing the prime minister is "quite different" from a cabinet realignment, suggesting a new premier may be named before the assembly session ends while the rest of the cabinet will be appointed afterwards.

The president denied that local autonomy elections would be delayed as proposed by some members of his party.

On an inter-Korean summit, Kim said it is North Korea which has delayed talks for internal reasons. "We will wait and see their reaction."

### Political Parties Split Over Reorganization Bill

SK1312014694 Seoul THE KOREA HERALD in English 13 Dec 94 p 2

[FBIS Transcribed Text] The confrontation between the ruling and opposition parties has intensified over the passage of the government reorganization bill within the ongoing regular session of the National Assembly.

The ruling Democratic Liberal Party (DLP) has said the reorganization bill must be passed within the regular session, while the main opposition Democratic Party (DP) is asking that the bill be approved in an extraordinary session after further deliberation.

The DP suggested yesterday that a special session be called to deal with the controversial bill after the regular session, which ends Dec. 17.

The suggestion came after a meeting of members of the Supreme Council, the party's top decision-making body, which agreed that the 10-day special session must be convened beginning Dec. 19, to deal with the government reorganization plan.

Rep. Pak Chi-won, a spokesman for the DP, said, "Our party decided that the reorganization bill must be deliberated fully before approval at the National Assembly in order to legislate a law that provides the most efficient and ideal administrative system."

He said the opposition party also decided to hold a public hearing in a bid to make its own draft on the reorganization of the administrative body.

"If the extraordinary session is called, our party will deliberate the government-proposed bill as well as our own draft in order to pass a law that is most efficient for the system," said Pak.

The DLP, however, rejected the DP's proposal.

In a meeting of key party members, the ruling party yesterday decided to pass the government reorganization bill through the current regular session despite objections from the opposition party.

Rep. Yi Han-tong, floor leader of the DLP, said, "We expect a change in attitude of the opposition party. Unless there is no change in the DP's position, we can not help but pass the government-proposed bill unilaterally in order to avoid an administrative vacuum." [sentence as published]

At present, the DLP is reportedly considering asking National Assembly Speaker Hwang Nak-chu to exercise his rights by introducing the bill directly to a plenary session to be resumed Dec. 15 if the National Assembly's

Administration and Economy Committee fails to bring the government draft to the plenary session for voting within the schedule.

The National Assembly is scheduled to wind up the committees' activities by Dec. 14 and resume the plenary session from Dec. 15.

Opposition lawmakers including Chairman Rep. Kim Tok-kyu have filibustered over the government reorganization plan at the standing committee, charging that the plan was hastily cobbled together without seeking a wide range of opinions.

In yesterday's session, in fact, ruling and opposition lawmakers failed to narrow the gap over how to deal with the government bill, signifying that another round of confrontation between the two sides will be inevitable during last part of the regular Assembly session.

Earlier this month, both sides confronted each other over the passage of next year's budget bill.

On the next day after the budget plan was railroaded by the ruling party, President Kim Yong-sam revealed the government reorganization plan including the merger of the Economic Planning Board and the Ministry of Finance.

### Government Virtually Confirms Restructuring Plan

SK1212053494 Seoul YONHAP in English 0507 GMT 12 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP)—The Ministry of Government Administration has virtually confirmed the government restructuring plan and begun informal consultations with the Legislation Ministry to work out the text of the enforcement ordinance, ministry officials said Monday.

The ministry, taking charge of the government reorganization, plans to remove more than 90 divisions in 18 ministries and agencies. That may result in the reduction of more than 700 public officials, according to a ministry official.

Some ministries, however, including the Economic Planning Board (EPB) and the Ministries of Finance, Construction, Home Affairs and Education oppose the restructuring formula of the Government Administration Ministry, saying that the plan cuts too many divisions.

The education and home affairs ministries, for example, maintain they can trim only three divisions, while the Government Administration Ministry demands that they remove five.

As a result, the Government Administration Ministry will have to adjust the gap between its original restructuring formula and the ministry-proposed revisions, a senior official at the ministry said.

"If the gap cannot be adjusted, the Government Administration Ministry plans to prepare a final version mirroring its original formula, even resorting to coercive action by the presidential office," he added.

Meanwhile, Government Administration Minister Hwang Yong-ha told a cabinet meeting Monday that the reorganization plan will be finalized in a day or two.

The ministry will work out a draft ordinance for the overhaul which assigns functions to each division in two days and then, as soon as the National Assembly passes the central administration restructuring bill, promulgate the law and ordinance for the government reorganization.

### **Government Offers 3 Options to Surplus Officials**

*SK1212114194 Seoul YONHAP in English 1037 GMT 12 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP)—The government has given an option of three choices to some 900 public officials set to lose their current duties in connection with the on-going government restructuring.

The three choices are 1) reassignment to other government offices needing more people, 2) training at home or abroad, and 3) transfer to private institutes or industries.

Vice Government Administration Minister Won Chin-sik said Monday [12 December] the government will deal with the surplus manpower issue based on the option to be chosen with one's own will.

In the first place, Won said, 320 of the 680 jobs to be created by the transfer of industrial disaster insurance programs to the Labor Welfare Corp. of the Labor Affairs Ministry next July could be filled with those from among the 900 affected officials.

"We expect most of the rank-6 and -7 officials to be laid off could be saved this way," Won said.

In addition, some 120 officials are to be placed at new or vacant posts of the National Tax Administration and some other offices, 90 or so people at the expanded Fair Trade Commission and a projected Light-Water Reactor Support Corps., and about 20 as special economics advisors at major city and provincial administrations.

As for training, the present number of 240 officials undergoing overseas training a year is to be increased by some 120 with emphasis on rank-4 and -5 officials, the number of officials trained at domestic colleges will be raised by 50, and the quota of language course at the central public officials training institute will be expanded by about 30, the vice minister said.

Besides, Won said, some 80 officials will be transferred to those private industries and institutes needing people with public service experiences and 70 or so are to be retired under the "honorable retirement system," that is,

retirement ahead of the mandatory retirement ages in return for special allowances.

"We have already agreed with budget offices to use about 6.8 billion won to finance expanded training and honorable retirement," Vice Minister Won said.

### **Government Studies Early Retirement Plan Change**

*SK1012023094 Seoul YONHAP in English 0047 GMT 10 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 10 (YONHAP)—The government may expand the early retirement plan and refresher training programs to cope with a surplus of civil servants stemming from the imminent government downsizing.

The restructuring of central government agencies now under way is expected to deprive some 1,000 officials at all levels of their jobs, and some of these officials will be advised to take advantage of the Early Retirement Plan (ERP) whose conditions are to be improved, the Economic Planning Board (EPB) said over the weekend.

At present, officials who have served for 20 years with less than 10 years remaining until retirement age (61) are eligible for ERP. Under the expanded ERP, however, those who have more than 10 years until retirement age after having served for 20 years will also be eligible for ERP, EPB officials said.

The government planned to give special severance pay to ERP retirees but scrapped the idea because of expected protests by teachers, who are not given this special pay when they quit earlier than retirement age.

Under the present ERP rules, those leaving before their retirement age receive ERP pay amounting to wages for a maximum 45 months, in addition to fixed retirement pay or pension.

The officials said 100 to 200 officials who are to lose their jobs as a result of downsizing will be sent abroad for refresher training, which costs 30 million won per official a year.

### **Yi: No More Central Government Reorganization**

*SK1212024394 Seoul YONHAP in English 0219 GMT 12 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP)—Prime Minister Yi Yong-tok, denying rumors of additional central government restructuring, declared Monday that "no large-scale reorganization work is being undertaken except that involving 18 ministries and offices."

The premier made the assertion at a state council meeting held at the combined government building complex Monday morning.

With respect to ways of absorbing surplus manpower stemming from the central administration revamp now underway, Yi stressed that formulas should be worked out "to unprecedentedly expand the opportunity for training at home and abroad with a view to reorienting civil servants' awareness and behavior toward the promotion of globalization."

Assigning public servants to model domestic companies for one-year internships could be one such formula, he suggested. The government will positively back up this matter in the budget, he added.

Government Administration Minister Hwang Yong-ha reported to the cabinet session that "a restructuring plan involving 18 ministries and offices is being finalized. Readjustment work for ministries having differences of opinion will be concluded in a few days as well."

Transportation Minister O Myong called for early announcement of a training program, suggesting that about 500 public servants be sent abroad for training due to the current reorganization of central administrative agencies.

Finance Minister Pak Chae-yun proposed that "civil servants' training at home and abroad be developed into a permanent re-education program with about 10 percent of government employees assigned to retraining at any given time."

#### **Irregularities Involving Local Taxes Reported**

*SK1312053694 Seoul YONHAP in English 0527 GMT 13 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP)—Registration and acquisition taxes embezzled, improperly reduced or exempted that were unearthed in a nationwide special inspection by Tuesday totaled over 3,290 million won (4,112,500 U.S. dollars) involving 71 administrative agencies.

An interim report, released Tuesday by the administration's combined special local tax irregularities inspection headquarters, disclosed that local taxes directly embezzled or misappropriated by tax officials amounted to 1,203 million won involving 24 agencies.

Six ward offices in Pusan—Saha, Nam, Tongnae, Haerundae and Kumjong—were found to have stolen over 270 million won, with six judicial clerks implicated. Embezzled local taxes at Pusan City Hall, Taegu Susong Ward Office and Kwangju So Ward Office topped 770 million won, according to the interim report.

#### **3.1 Billion Won in Taxes Said Stolen in Incheon**

*SK1012034394 Seoul YONHAP in English 0242 GMT 10 Dec 94*

[FBIS Transcribed Text] Incheon, South Korea, Dec. 10 (YONHAP)—Local taxes stolen in Puchon City over the past four years and nine months totaled 3.1 billion won,

or some 3.8 million U.S. dollars, the Incheon District Prosecutor's Office said in an interim investigation report on the city's tax scandal released over the weekend.

The amount compares with the 2.1 billion won revealed by the Board of Audit and Inspection after its inspection of the city last month.

Checks of 103,503 acquisition and registration tax receipts for 500,000 won and above apiece that the city's three wards had issued between January 1990 and last September revealed that 3.1 billion won—2.57 billion won in registration taxes and 530 million won in acquisition taxes—had been embezzled by tax collectors and others, the report said.

In connection with the scandal, 35 tax collectors and law office employees were arrested on embezzlement charges, nine others were booked and six others have been placed on the wanted list.

The city's tax collectors pulled off the massive theft by fabricating false tax receipts in collaboration with law office employees authorized to pay local taxes for taxpayers.

The tax officials used most of their ill-gotten gain for pleasure and real estate investment, the report said.

#### **Parties' 'Unusual Silence' Over Car Issue Noted**

*SK1012045494 Seoul THE KOREA TIMES in English 10 Dec 94 p 2*

[From the "Press Pocket" column: "Unusual Silence"]

[FBIS Transcribed Text] Amid the protests by automakers and their union workers against the government decision to allow Samsung to manufacture cars, attention is being drawn to the ruling and opposition parties "unusual" silence over the issue.

Particularly, ruling Democratic Liberal Party lawmakers are reluctant to comment despite worries that the issue can affect the results of the local elections slated for next June.

The opposition Democratic Party was also hesitant to speak up at supreme council meetings and the related National Assembly standing committees.

Only party top policy maker Kim Pyong-o issued a statement criticizing the government's permission as a "collusion between the Kim Yong-sam administration and Samsung."

Reps. Pak Kwang-tae and Yi Kyong-chae took up the issue at the Assembly's Trade, Industry and Resources Committee.

As a result, suspicions are being raised that the silence of ruling and opposition party lawmakers over the issue is closely connected with the rumor that they were lobbied by Samsung.

### FTC Pressures Kia, Daewoo To Stop Strikes

SK1012073094 Seoul THE KOREA TIMES in English  
10 Dec 94 p 16

[By staff reporter Kim Chang-yong]

[FBIS Transcribed Text] The Fair Trade Commission [FTC], the chaebol watchdog attached to the Economic Planning Board, is rubbing salt in the wounds of the carmakers, moving quickly to examine general malpractices in an apparent attempt to pressure them into stopping strikes by their unionized workers.

It sent officials to Kia Motors and Daewoo Motor Thursday to determine whether their action against the government licensing of Samsung's venture into the auto industry violates the Anti-Monopoly and Fair Trade Act that bans existing businesses from interrupting the entry of a newcomer.

Yi Chong-hwa, director general for monopoly affairs at the commission, said that the government agency would not extend the "initial probe" into the overall activities of the auto producers, leading them to believe it is aimed at forcing them to dissuade their workers from throwing their weight about.

But Hyundai Motor, whose union did not join the strike under its moderate leadership, was exempt from the probe though the company itself carried front-page ads in all vernacular dailies protesting Samsung's entry, together with two other bigger makers and three smaller ones.

Actually Hyundai profited from a windfall from the government favoritism of its rival Samsung, with its sister firm, Hyundai Precision & Ind. Co., authorized to make a minivan in addition to its four-wheel drive vehicles. The group is also awaiting government approval for its long-cherished goal of establishing an iron plant.

Thousands of workers from Kia, Daewoo and Kia's sister company, Asia Motors, jointly waged a sit-down in a southern Seoul park yesterday for a third straight day since the Trade, Industry and Energy Ministry's approval of Samsung's technical tie-up with Japan's Nissan.

Management of the car companies seem jammed between the administration's threat and workers' action.

"We understand why our workers are doing this but who on earth would want their employees to stop work in a booming period?" said No So-ho, Kia director for public relations. "The administration seems to believe that we are behind the workers' protest."

Worrying that such a rally might displease the increasingly authoritarian government, company executives tried hard to persuade union leaders not to go to Poramae Park, well known for anti-government demonstrations, yesterday morning but in vain.

Kia and Daewoo officials estimated their daily losses from the strike at about 20 billion won and 13 billion won, respectively.

The protest is likely to last for the time being as union workers call their action a "struggle for their living rights" which otherwise may be damaged by the potentially tough domestic competitor amid an influx of imported goods.

Strategists at the carmakers are charting out a compromise to be presented by their presidents to the administration. The recommendation, designed to settle the hot issue, will feature a delay of Samsung's auto production from 1998 till no earlier than 2003. They plan to begin marketing in three years in its ambitious but widely believed program.

Yi Ki-ho, executive vice president of group planning and administration division at Kia, said, "If Samsung goes along according to its own timetable, it will have a variety of bad effects on the local auto scene. It should not hasten but come along slow and steady."

### Strikers Except for Kia Motors Return to Work

SK1012033894 Seoul YONHAP in English 0236 GMT  
10 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 10 (YONHAP)—Striking unionists at all automakers except Kia Motors Corp. are returning to work after walking out Thursday to protest the government's decision to let the Samsung Group enter the passenger car industry.

Already operating normally were Hyundai Motor Co., Hyundai Precision and Industry Co. and Ssangyong Motor Co. union members of Daewoo Motor Co. decided Saturday to resume normal operations the same day.

The Daewoo union's decision was made as Polish President Lech Walesa was scheduled to visit the firm's factory in Pupyong, Incheon City, but its future course of action will be influenced by a meeting of auto workers' unions at 1 PM Saturday.

Asia Motor Co. unionists held a general meeting at the Kwangju factory and decided to return to work from 9 AM Saturday while resolving to await the results of the union meeting Saturday afternoon in deciding future action.

But the strike at Kia entered a fourth day while union members staged public information and signature-collecting campaigns against Samsung's advance into the auto business.

### Further Diversification of Conglomerates Viewed

SK1012073194 Seoul THE KOREA TIMES in English  
10 Dec 94 p 16

[FBIS Transcribed Text] Business conglomerates will be eager to spread out into such lucrative areas as steel

making, oil refining and petrochemicals, as the government has begun to lift the investment ban in those fields.

In announcing the permission for Samsung to make cars, Trade, Industry and Energy Minister Kim Chol-su said Wednesday, "Restrictions on new entries into specific business areas will no longer exist in connection with imports of technology. The government will only play a role in supporting technology development, protecting the environment from pollution and destruction and balancing regional development."

One of the most pressing issues is the planned entry by the Hyundai Group into furnace steel making.

Last July, the Hyundai Group expressed its strong hope to set up a steel mill on Kadokto islet in Pusan but existing steel makers strongly opposed the Hyundai project. The Trade, Industry and Energy Ministry also objected to the Hyundai move on the grounds that another steel mill will cause excessive steel production.

With the changes in the scene, the Hyundai Group is expected to step up its efforts to advance into steel manufacturing through furnaces. Furthermore, the steel mill does not need imports of technology unlike Samsung's car manufacturing, said an official of the Korea Iron and Steel Association.

Business groups are expected to expand their business in other lucrative business such as oil refining next year when new entries will be allowed in line with free pricing and in power generation facilities exclusively manufactured by Hanjung (formerly Korea Heavy Industry and Construction Co.) in 1996.

In oil refining, now, new entries and expansion of existing facilities are to be allowed within 130 percent of the nation's total consumption in accordance with the related law.

The government plans to liberalize oil prices next year along with the scrapping of the regulation of the law. As a result, new companies are expected to jump into oil refining or existing firms will expand their facilities, oil experts said.

As oil refining is a facility-oriented business requiring a huge amount of money, there will be few newcomers in this sector. But conglomerates engaged in petrochemical manufacturing are expected to enter oil refining, they said.

In power generation facility manufacturing now monopolized by Hanjung, Hyundai, Daewoo, Samsung and Halla are likely to compete. The exclusive supply by Hanjung will be lifted at the end of next year.

#### **Student Leader Arrested in Pusan 10 Dec**

*SK1012232994 Seoul KBS-1 Radio Network in Korean 2104 GMT 10 Dec 94*

[Report by Pusan Broadcasting General Bureau]

[FBIS Translated Text] Kim Hyon-chun, chairman of the Korea Federation of University Student Councils [Hanchongnyon] and a senior at Pusan University, wanted by police because of an arrest warrant on charges of hanging the North Korean flag on the campus, was arrested in Pusan yesterday [10 December].

At around 1900 yesterday, after dropping by at the university to arrange a rally urging the punishment of those who were involved in the 12 December incident, Kim was arrested by a detective team of the Seoul Police Administration at his lodging located near the old gate of Pusan University in Changjon 2-tong, Kumjong-ku, and was sent to Seoul where he is in custody.

Meanwhile, some 100 college students, who were staging a demonstration in front of the Seoul Police Administration protesting the arrest of the Hanchongnyon chairman, were taken by police at around 2300 last night and are now being interrogated at the Sodaemun Police Station and three other police stations in Seoul.

#### **Opposition Holds Rally Against Incident Decision**

*SK1012110794 Seoul YONHAP in English 1057 GMT 10 Dec 94*

[FBIS Transcribed Text] Seoul, Dec.10 (YONHAP)—The main opposition Democratic Party (DP) held a rally in front of the Seoul railroad station Saturday, the third of its kind to protest against the government decision not to indict those involved in the Dec.12 incident and urge the ruling party to join the DP in enacting special laws for the implementation of Uruguay Round agreements.

The rally was attended by DP leader Yi Ki-taek, other DP members including over 30 DP lawmakers, members of dissident groups and civilians.

Speaking to the participants of the rally, Yi denounced the government for its failure to indict those involved in the Dec.12 incident. "The government must be one ruled by civilian dictatorship or a military-civilian government if it does not bring the rebels to trials until Dec.12 when the statute of limitations expires."

"The reason for the mishap caused by the gas explosion in Ahyon-dong, southern Seoul, and other large-scale disastrous accidents is that the government killed the spirits of the nation by giving an indulgence to the Dec. 12 rebels," insisted Yi.

Yi, meanwhile, hinted at the possibility of stopping holding outdoor rallies after Saturday's rally.

"We can choose ways which can penetrate people's minds although not through rallies," said Yi while speaking to reporters just before starting the mass rally in front of the Seoul railroad station.

The DP may hold indoor rallies, not outdoor ones, during the cold winter season, said the DP chairman who added that his party will have to acknowledge the statute of limitations on Dec.12 incident under the current laws.

"We, however, will continue to make efforts and struggle outside of the National Assembly to correct the distorted history," said Yi. "The current situation is not one for which we have to announce a struggle against the current regime."

#### **Yi Accused of Using Rally for Personal Aim**

SK1012041894 Seoul THE KOREA TIMES in English  
10 Dec 94 p 2

[From the "Press Pocket" column: "Restive Factions"]

[FBIS Transcribed Text] DP [Democratic Party] leader Yi Ki-taek is doing all he can to make a success of the planned rally at the plaza of Seoul Railroad Station today, ordering members of a nation-wide Alpine Club he leads to mobilize as many people as possible for the event.

However, other factions in the party are not cooperative. They are complaining that Yi is using the outdoor rally for the indictment of former Presidents Chon Tu-hwan and No Tae-u for the Dec. 12 mutiny in 1979 for his "personal" aim of firming up his grip to party hierarchy.

Handing in his resignation as a lawmaker, Yi led a walkout of DP lawmakers from the Assembly to dramatize his protest outside, holding rallies in Taejon and Puchon.

The faction led by Rep. Kim Sang-hyon and the one wirepulled by retired leader Kim Tae-chung have their own events this morning, a strong sign of protests against DP leadership.

#### **Court Continues Deliberation on Dec. 12 Incident**

SK1312022994 Seoul YONHAP in English 0136 GMT  
13 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP)—The Constitutional Court failed Monday to decide on whether former President Chon Tu-hwan's term of office should be excluded from the legal 15-year period for arraigning him on mutiny charges for his leading role in "the coup d'etat-like incident" of December 1979.

The court will deliberate on the matter again on Thursday of next week, a spokesman said.

The court was examining an appeal filed by former army chief of staff Gen. Chong Sung-hwa, Ret., and other victims of the army incident against the prosecution's earlier decision not to indict Chon and his followers in the alleged mutiny.

In the appeal, Chong and the others protested against the prosecution's decision to clear Chon and his followers of insurrection charges and not indict them on mutiny charges, while claiming that Chon's term in office should be exempted from the statute of limitations lasting 15 years in this case.

The Constitutional Court has intensively examined Chong's claim regarding the statute of limitations.

If the court decides in its deliberations next week that the statute of limitations was not up, defying the prosecution's claim that it ran out Monday, Dec. 12, 1994, the case would develop in a new direction and the prosecution would still have time to indict Chon and his followers.

On Monday, the court's justices agreed to disagree in their two full sessions, one in the morning and the other in the afternoon.

Justice Cho Sung-hyong and others argued that Chon's time as president should be exempted from the statute of limitations in this particular case.

But the rest of the justices supported the prosecution's assertion that the statute of limitations ran out on Monday, Dec. 12, 1994, court sources said.

#### **National Assembly Deliberates Over WTO, GATT**

SK1312010194 Seoul THE KOREA HERALD in English  
13 Dec 94 p 2

[FBIS Transcribed Text] The National Assembly's Foreign Affairs and Unification Committee yesterday continued its deliberations on a new world trade pact amid good prospects for its passage through the Assembly.

At the same time, the committee's sub-panel discussed the legislation of a "special law" to implement the 124-nation GATT (General Agreement on Tariffs and Trade) accord on the domestic front.

"The GATT bill is likely to be ratified in the Assembly within this week as the ruling and opposition parties are nearing agreement on the opposition-proposed special law," said a member of the panel.

Ruling and opposition lawmakers in the committee have agreed to legislate the special law aimed at protecting the nation's interests and to pass it through the Assembly along with the GATT bill.

But they have been at odds over whether the law should include a clause calling for the precedence of domestic law over the GATT agreement when the two conflict with each other.

The world trade agreement demands significant reductions in tariffs on trade between nations and for the first time brings many parts of the economy under international regulations. It also creates a more powerful World Trade Organization (WTO) to referee trade disputes.

Supporters have said the admission to the WTO will have a positive effect on the nation's economy in the long run.

Initially, the opposition party had vehemently opposed the Assembly's ratification of the trade pact, but relaxed

its stance by suggesting it would cooperate with the passage of the GATT accord in return for legislating the special law it proposed.

Opposition lawmakers describe the law as a safeguard to protect the nation's economy which they say is expected to be hit by market opening to foreign countries, especially in the field of the agro-fishery industry.

#### **Parties Consider Extraordinary Assembly Session**

*SK1312021694 Seoul YONHAP in English 0131 GMT 13 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP)—The ruling and opposition camps are nearing an agreement in principle to hold a provisional National Assembly session right after the regular sitting ends Sunday in order to handle the controversial government restructuring and World Trade Organization (WTO) bills.

At an unofficial meeting Monday afternoon, the two sides' floor leaders—Yi Han-tong of the ruling Democratic Liberal Party (DLP) and Sin Ki-ha of the opposition Democratic Party (DP)—agreed to consider convening an extraordinary National Assembly session on the precondition the bills would be passed by mutual consent and to negotiate with their respective party leaderships on the issue.

Consequently, the floor leaders were set to meet again Tuesday to seek compromises on such issues as the duration of the special session and handling of the current regular sitting.

DP Floor Leader Sin suggested a 10-day extra session starting next Monday to deal with major pending issues.

In response, DLP Floor Leader Yi said he would inform his party leadership of the DP's call for a special session.

With the cancellation of DLP Chairman Kim Chong-pil's press conference scheduled for Tuesday, it looks likely that the special session will be convened if the two parties reach a satisfactory compromise.

An aide to the DLP chairman said, "as far as I know, the holding of an extraordinary session lasting three to five days has been agreed tentatively between the two floor leaders."

Prior to these developments, President Kim Yong-sam said in a special interview Tuesday with MBC-TV marking its 33rd anniversary: "I cannot speak of that at the current stage, but from a long-term view, I think a government reorganization of the non-economic sectors is also necessary."

Kim's remarks are interpreted as indicating the possibility of a compromise in which the government revamp bill would first be disposed of in the special session and then part of the DP's revamp bill would be accepted later.

But some labor pains are expected with the compromise since the DLP wants the WTO bill passed during the extraordinary session as a precondition for calling it, while the DP is pushing for the enactment of a special domestic-priority law to implement the WTO pact and steps to assist farmers and fishermen as a prerequisite for passage.

#### **Haitai Group Takes Over Audio Equipment Maker**

*SK1012061294 Seoul THE KOREA TIMES in English 10 Dec 94 p 16*

[FBIS Transcribed Text] The Haitai Group yesterday took over the nation's largest hi-fi audio equipment maker Inkel.

Haitai said Inkel's founder and major shareholder Cho Tong-sik and his family members agreed to turn over all managerial rights, including 17.2 percent equities stakes, to Haitai.

Both sides refused to disclose at what price Inkel was sold to Haitai but sources said Haitai would pay 20 billion won to the Inkel owner.

Inkel has exported its "Shirwood" brand of products to the United States and the European Community. It is capitalized at 31.82 billion won, with 1993 sales of 233 billion won. Its net profit amounted to 26 billion won last year.

Inkel has been constructing the nation's largest audio equipment plant in the central Chonan, with an annual production capacity of two million units.

Inkel started as Tongwon Electronics in 1970. It specialized in the production of audio equipment until 1990. But at the turn of 1990, it sought to diversify itself into color TVs and information telecommunication. The diversification dealt a serious financial burden to Inkel.

Haitai, one of Korea's leading confectionery makers, said it would make Inkel one of the top five general electronics makers in Korea. By 2000, its sales would top one trillion won, it said.

#### **Economic Ministers Stress Price Stability**

*SK1112022394 Seoul THE KOREA HERALD in English 11 Dec 94 p 8*

[FBIS Transcribed Text] The government yesterday reconfirmed its key principle for economic operation in 1995, by agreeing to stress price stability over redressing the worsening international balance of payment.

At an economic ministers' meeting presided over by Deputy Prime Minister Hong Chae-hyong, the participants shared concerns that the four local elections would stimulate the current dormant property market, which, combined with the influx of foreign money through the wider open capital market, would further fan an already volatile inflationary spiral.

The Economic Planning Board officials reported at the meeting that it estimates the 1995 economic growth at 7 percent, consumer price increase, at 5 percent, and balance of payment deficit, at \$5 billion.

Most worrisome is the inrush of foreign capital, which is expected to exceed by \$2 billion to \$3 billion the government's initial estimation of a total between \$10 billion and \$12 billion next year, they said. The government should ensure the massive foreign money does not become a burden on domestic monetary control.

The economic ministers decided in this regard to continually improve the nation's foreign exchange system, while facilitating the capital outflow through more foreign direct investments by Korean companies.

Total money supply increase—called M2 which is the total cash in circulation plus time and demand deposits—will be curbed to an annualized 13-15 percent rate, compared with this year's 14-17 percent target range, they agreed. The reconfirmation of next year's key macroeconomic policy principles, coming amid the sweeping restructuring of the government and economic ministries in particular, will not be modified much even if current ministers are replaced in the forthcoming cabinet reshuffle, EPB officials said.

#### **Funds Earmarked for Public Database Development**

*SK1012041694 Seoul THE KOREA HERALD in English 10 Dec 94 p 3*

[FBIS Transcribed Text] The government plans to spend about 27 billion won next year to help develop a total of 133 kinds of public data bases (DB), including an English newspaper information DB, the Ministry of Communications said yesterday.

In the case of the English paper info DB, THE KOREA HERALD has been selected as the IP (information provider).

The 133 proposed DBs include 52 in economic and industrial fields, 26 in academic and arts fields, 21 in the fields of public welfare, 20 in administrative policies, and 14 in local area information.

In an effort to help back up the ongoing globalization trend, the ministry will also create 29 overseas information DBs.

The menu of overseas DBs will include an investment information of 100 foreign countries, EU economic information, and overseas environmental information.

In addition, a North Korean economic info DB will be developed.

The ministry will give intensive financial subsidy to three interactive, multimedia DBs—info on domestic and foreign products, info on play, movie and video, and info on correspondence education—to more effectively prepare for the era of information superhighway.

Korea Telecom plans to select the IPs of the 133 proposed DB projects by the end of next January.

The public DB development project, under which the government is scheduled to pour about 80 billion won from 1994 to 1998 to develop about 400 kinds of DBs, is aimed at helping the general public obtain a variety of useful information conveniently through their home PCs, thus promoting the national informationization. [as published]

**Brunei, Malaysia & Singapore****Malaysia****Badawi: ICO Should Improve Image of Islam***LD1112113394 Tehran IRNA in English 1050 GMT 11 Dec 94*

[FBIS Transcribed Text] Tehran, Dec. 11, IRNA—Malaysian Foreign Minister Abdullah Badawi called for “a strong commitment” by the Organization of the Islamic Conference (OIC) to improve the image of Islam and cooperation among Muslim countries in the area of development.

Speaking to correspondent of the English-language IRAN NEWS in Casablanca Saturday, he said that there were many economic problems in the Muslim world and many Muslim countries are suffering from lack of development.

Trade among Muslim countries is not at a satisfactory level, he said adding, “therefore it is important that some serious steps be taken to improve cooperation among the Muslim countries especially in the area of development so that we would be able to improve the image of Islam and the Muslim ummah”.

Badawi said the main concentration of the Casablanca conference was on improving the image of Islam and economic cooperation which are interrelated and success in one depends very much on the other.

On the idea of contributing to the United Nations Protection Force (UNPROFOR) in war-ravaged Bosnia, the daily quoted the Malaysian official as saying that there were serious problems especially because of lack of funds for sending troops.

The bigger powers have a responsibility to help the Bosnians because it is an issue of human suffering and human rights, he said, adding that Muslims should feel a stronger commitment and those countries which could not send troops to Bosnia could donate financial assistance.

“Our inability to address the problems of the Islamic world will only prove our weakness which will affect the image of Islam”, he stressed.

The Malaysian foreign minister then expressed hope that the meeting would come up with some effective decisions regarding those problems.

Speaking to the correspondent of another English-language daily, TEHRAN TIMES, Badawi listed Iran as one of the countries to which Kuala Lumpur attaches great importance.

Badawi who is currently in Casablanca to attend the OIC summit, to convene Tuesday [13 December], to discuss issues related to the world of Islam said the distance

between Iran and Malaysia is far but it creates no hurdles in the way of a smooth flow of bilateral cooperation.

“The exchange of high-level visits between the two countries is responsible for providing better chances for the expansion of reciprocal relations”, he stressed.

President Akbar Hashemi-Rafsanjani visited Malaysia in October this year and the Malaysian Prime Minister, Mohammad Mahathir, paid a visit to Iran last year. Both Mahathir and President Rafsanjani agreed to expand Tehran-Kuala Lumpur relations in diversified ways, the daily added.

“Malaysia is interested in having closer cooperation with the Central Asian republics: Iran can be the best gateway to the newly independent states”, Badawi noted.

**SRV Interior Minister Comments on Refugees***BK1112110394 Kuala Lumpur Voice of Malaysia in English 0600 GMT 11 Dec 94*

[FBIS Transcribed Text] Vietnamese refugees in Malaysia have been reassured of good treatment by their government when they return home. Vietnamese Home Minister [title as heard] Bui Thien Ngo said today his government had no problem to accept them back, and they would be treated no different from the locals.

He was speaking to newsmen in Kuala Lumpur before leaving for home after a five-day official visit to Malaysia. Malaysia recently decided to close the Kuala Lumpur transit camp, which houses more than 5,000 Vietnamese refugees, by August next year. Those who are not able to get asylum in third countries will be repatriated voluntarily to Vietnam. The move was in line with a comprehensive plan of action adopted at the 1989 Geneva conference on Vietnamese refugees. Under the action plan, all refugees arriving after the cut-off date of March 14th 1989 would be screened to determine their refugee status, as most of them arriving in the latter half of the 1980's were economic immigrants.

**Mahathir Comments on Growth, Privatization***BK1012102294 Kuala Lumpur Voice of Malaysia in English 0800 GMT 10 Dec 94*

[FBIS Transcribed Excerpt] Datuk Sri Dr. Mahathir has cautioned that although Malaysia is enjoying its success, all resources must be carefully and widely utilized. [passage omitted]

The prime minister said this when opening the general assembly of the Malaysian Indian Congress, a component party of the ruling National Front, in Seremban, the state capital of Negeri Sembilan. [passage omitted]

According to Dr. Mahathir, World Bank analysts have shown that the Malaysian economy was an investment-driven economy. Even though Malaysia should extract more income from greater use of technology and efficient management, efforts would be continued to create

a good investment climate for foreign investors. Domestic and reverse investment overseas would also be encouraged.

The prime minister anticipated Malaysia's economic growth to exceed 8 percent in the coming years. He said the greatly improved world economy will also help strengthen the Malaysian economy. He also said it was the government's objective to ensure that high economic growth rate could be maintained without imposing any pressure on domestic prices.

He dismissed as completely unfounded allegations that privatization only benefited the few big companies and those close with the country's leaders.

The privatization program will help in the development process which could not have been possible through the government alone. So far 110 projects have been privatized and the move would result in greater productivity and efficiency. Privatization has created an additional share capital of 10.8 billion ringgit and 5 billion ringgit in operating expenditure, and 40.6 billion ringgit in development expenditure has been saved through privatization of the various entities. Although through privatization, some 90,700 [figure as heard] government employees had been transferred to the private sector and were receiving higher income.

## Cambodia

### Hun Sen Comments on Human Rights, Democracy

*BK1212163994 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 12 Dec 94*

[FBIS Translated Text] Samdech Hun Sen, second prime minister of the Royal Government of Cambodia [RGC], said at the gathering of thousands of people to mark the 46th International Human Rights Day on 10 December that the RGC absolutely respects the right of every citizen to live without any discrimination as stipulated in Article 32 of our supreme Constitution. The RGC maintains a stance of equally respecting and protecting the human rights of everyone irrespective of race, color, social standing, and position. The government also respects and places women on an equal footing with men and cares for children and protects their rights.

The second prime minister also pointed out that the RGC was criticized by some people in the past. However, those people are now urged to understand that the RGC has a well-defined policy for achieving social justice, promoting national development, and enhancing mankind's dignity. They are also asked to accept the undeniably concrete situation that our democracy is very young and to acknowledge that all of us are in the process of learning how to implement human rights and act in a democratic manner. Therefore, the government, the nongovernmental organizations, journalists, and the

people from all walks of life are all not yet perfect. The good thing is that we should cooperate to learn how to respect and protect human rights.

Samdech Hun Sen welcomes all constructive criticism because it is part of the democratic process. However, he asks that accusations should not simply be made and that solutions should be offered with the goal of effectively building a democratic society.

The second prime minister recalled that democracy (?can only be stable) if it is respected and implemented correctly. Democracy and respect for human rights can never come about nor last long through anarchy. On the contrary, anarchy will only push us into an abyss of immeasurable danger.

In the security field, he added, the RGC has taken stringent measures to ensure safety for everyone, Cambodians and foreigners alike.

### Army Launches 'Peaceful War' To Seek KR Defections

*BK1212075194 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 12 Dec 94*

[FBIS Translated Text] His Excellency [H.E.] Tea Chamrat, co-minister of national defense, told reporters that the Khmer Rouge problem is like one of the world's inevitable natural calamities and efforts should be exerted to circumvent it. His excellency stated this during his visit with officers and combatants of the 11th Division in the 4th Military Region on 9 December.

Answering questions raised by the reporters, H.E. Tea Chamarat said: An army equipped with armaments, ammunition, and war materiel does not mean it intends to wage war but only to fulfill its indispensable duty of defending the people and motherland.

Commenting on the Army's duties during the oncoming dry season, the co-defense minister said: We will fight a peaceful war, meaning we will intensify the psychological warfare to incite the maximum number of the Khmer Rouge officers and rank and file to return to the national fold in order to avoid an armed confrontation. We will try, he added, to transform the regions where the Khmer Royal Armed Forces are stationed into development regions with the Army duty-bound to assist the local people.

### MP Says No KR Threat in Monduliri Province

*BK1212031994 Phnom Penh THE CAMBODIA DAILY in English 30 Nov 94 p 10*

[From the "Opinion" column: Letter to the Editor by Boeuy Kaeuk, MP for Monduliri: "Monduliri's Security Not Threatened by KR"]

[FBIS Transcribed Text] I read a story in THE CAMBODIA DAILY on 22 November about the security

situation in Mondolkiri Province ("Anxious NGO takes break from Mondolkiri"). The story explained that there is "guerrilla movement around the capital Sen Monorom," and that the Khmer Rouge [KR] "have changed their strategy." The story also said that "there are up to 800 troops stationed there to fight an estimated 100 guerrillas."

As a member of parliament representing the province of Mondolkiri, I'd like to clarify that there is no Khmer Rouge action around the town of Sen Monorom, nor is there any threat from the Khmer Rouge guerrillas.

Additionally, the Khmer Rouge have not changed their strategy. The rebels continue to move in small groups of five to 10 men, but only in the rural areas, 30 to 50 kilometers west of the town.

In the province of Mondolkiri there are at most 100 Khmer Rouge. However, their base of activity is located in O Nonong, near the border with Kratie Province, west of Sen Monorom.

The security situation in Modolkiri is normal and quiet—no one is concerned.

#### **Government Military Advances in Siem Reap Denied**

*BK1212033494 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 10 Dec 94*

[FBIS Translated Text] Recently, people in Siem Reap Province said it is very ridiculous to see the self-appointed army commanders of the two-headed government cheat cunningly in order to pocket money. They act like buffoons by putting up a deafening shout that this or that number of their self-appointed soldiers and tanks have attacked National Army of Democratic Kampuchea [NADK] bases and have advanced toward this or that area. In reality, they have not been able to carry out any attacks on NADK bases. These commanders merely shout fight, fight like that to hoodwink the three-eyed puppets into giving them aid. If the aid is in cash, they share it among themselves. If it is in material, they sell it and share the proceeds.

As for the villainous Western alliance, which is getting increasingly bogged down in the communist Vietnamese war, it has repeatedly broadcast baseless and deceitful news to fool the people in their countries who oppose military aid to the two-headed government. The people in Siem Reap said that if the alliance does not withhold its military aid from Cambodia, it will certainly incur serious losses.

#### **KR 'Cabinet' Urges 'More Vigorous' Struggle**

*BK1312051694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 12 Dec 94*

["Press Communique" issued by the Secretariat of the Provisional Government of National Union and National Salvation Cabinet on 12 December; place not given]

[FBIS Translated Text] The cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly working session on Monday, 12 December, under the chairmanship of His Excellency Khieu Samphan, prime minister and minister of the National Army, and with the participation of all members.

1. After discussing the reports presented by the ministries, the cabinet noted the situation with the old and new enemies and the two-headed traitors who are making a headlong plunge in all fields. The entire Cambodian nation and people are rising up to wage a struggle to oppose and reject them more and more vigorously on all issues. This means:

1. Our Cambodian nation and people oppose and reject the two-headed traitors for permitting 4 million Vietnamese to pour into Cambodia, wolf down the country, and commit genocide against its people.

2. Our indignant nation and people oppose and reject the two-headed traitors for permitting communist Vietnam to parcel off tens of thousands of square kilometers of Cambodia's territory, sea, and islands. These traitors remain completely indifferent. Their only concern is making it legal for communist Vietnam to grab more of our territory.

3. Our nation and people have repeatedly demanded national reconciliation, national concord, and an end to the war. Instead, these traitors prefer bowing to and becoming the servants of communist Vietnam and the warmongering United States, Australia, and France in an attempt to undermine national reconciliation, sabotage peace, and continue endlessly to ignite communist Vietnam's war of aggression and genocide against Cambodia.

4. Our nation and people oppose and reject the corrupt—extremely corrupt—two-headed traitors who have repeatedly plundered and robbed the country without fear of anything. The sea, islands, lands, rivers, and lakes of the nation and people have been exhaustively plundered and sold off by this gang of traitors.

5. Our nation and people are indignant at the two-headed traitors for subjecting us to the worst famine in the history of Cambodia while these two-headed elements concern themselves only with robbing and extorting the people and cutting their throats, causing widespread insecurity, and denying the people any free time to work for a living.

6. Our nation and people oppose and reject the two-headed traitors for permitting communist Vietnam and the warmongering United States, Australia, and France to corrupt, pervert, and defile Cambodian society. Hundreds of thousands of Cambodians have contracted AIDS and various other social diseases in pandemic proportions.

All of this constitutes the fury of the nation and people. Especially with the current famine that has killed many

people, these things constitute an indignation upon indignation that is bubbling and boiling like a volcano on the verge of erupting all over the country. This indignation has led the entire Cambodian nation and people to rise up and wage a struggle in all forms to strike at communist Vietnam, the warmongers, and the two-headed traitors, inflicting repeated serious defeats on them in all fields and sectors.

The two-headed soldiers forcibly drafted to fight by the two-headed government have always opposed the two-headed government. Now that there is a deadly famine, more and more of them are breaking ranks in whole units, either out of fear of the guerrilla and people's war or because they themselves are starving or their women and children at home are dying from hunger. New conscripts cannot be recruited because all types of civilian administrations in the villages and communes are being gradually smashed and swept away by the people.

II. The old and new enemies and the two-headed traitors are suffering defeats in all fields. They are being surrounded by the entire Cambodian nation and people from all directions. This is the result of the persistent joint struggle gradually built up by our entire Cambodian nation and people over the past 16 years.

In order to put an end to these great tribulations—whether the national or social problems or the famine—it is necessary for us to continue waging a multiform and ubiquitous struggle in a more vigorous manner by following the correct combat line. Most important, the 7 million peasants must continue to wage the people's war in a concerted way to smash and sweep away all the cruel village and commune civilian administrators to the last man in all sectors. Only in this way can we root out and close the book on the two-headed traitorous gang. This is the only way we can put an end to the communist Vietnamese war of aggression and genocide against Cambodia, achieve national reconciliation, and form a national government made up of forces from all political affiliations. This is the only way the people can taste peace and happiness, have a chance to work for a living in peace without war or fighting, rebuild the country together, and absolutely save and perpetuate our Cambodian nation and race.

12 December 1994  
The Secretariat of the PGNUNS Cabinet

**International Appeal To Cope With Rice Shortfall**  
*BK1212023694 Phnom Penh THE CAMBODIA DAILY in English 30 Nov 94 p 7*

[FBIS Transcribed Text] As signs emerged yesterday that an international appeal for rice donations was imminent, the state news agency AKP reported that Buddhist ceremonies would be held across the country next month to pray for rain in the country's drought-stricken provinces.

A draft, unsigned appeal for the co-premiers obtained by THE CAMBODIA DAILY reports a nationwide rice shortfall of 300,000 tons for 1995 and requests "all friends of the country, international organizations and NGO's to help provide rice to deal with this natural disaster."

The draft appeal blames the shortfall on the lack of nationwide irrigation systems, destructive flooding in August and an early end to the wet season which had led to widespread drought.

Meanwhile prayer ceremonies are to be held in pagodas across the Kingdom Dec. 3 to pray for rain, Government Spokesman Sieng Lapresse was reported as saying by AKP. But relief officials said yesterday that Cambodia had already entered the dry season and that the likelihood of more rain in any substantial amount was very slim.

"It seems that the rains stop three months early this year," one relief official at the World Food Program said.

Kenro Oshidari, acting director for WFP, added that the program could offer Cambodia 30,000 tons of rice in immediate relief.

"It will be direct village level relief. We don't have it here in the country but we can purchase it in Thailand or the region," Oshidari said during an interview in his office.

The rice would be distributed on a "food for work" basis, where villagers contribute to infrastructural projects in return for rice. He added that fears of "starvation" or "famine" in Cambodia were unfounded at this stage but "malnutrition" in some areas was a possibility.

The hardest hit provinces appeared to be Takeo, Kompong Speu, Kandal, Prey Veng, Svay Rieng and Battambang—but much data remains to be collected, Oshidari said. The shortfall in terms of milled rice last year was about 150,000 tons, he said.

## Indonesia

**Alatas Urges West To Stop Serb Aggression**  
*LD1212171894 Tehran IRNA in English 1441 GMT 12 Dec 94*

[FBIS Transcribed Text] Tehran, Dec. 12, IRNA—The Indonesian Foreign Minister Ali Alatas expressed regret over the green light given once again by the West to aggressor Serbs to continue their crimes in Bosnia-Herzegovina.

Interviewed by the English language daily 'IRAN NEWS' in Dar El-Beida, Morocco, he said that the West's green light to the Serbs took place this two years after the massacre of Muslims began at the heart of so-called civilized and democratic Europe.

The Indonesian foreign minister also told the daily "apparently the Western countries, Western Europe, NATO, and the U.S. are coming to the conclusion that the only way again is to appease the Bosnian Serbs and sacrifice the interests of the Bosnian Government and Muslims."

"So we have to analyze the situation very, very carefully to see what could be and what should be done," he said referring to the 2-day meeting of foreign ministers of the Organization of the Islamic Conference (OIC), in the Moroccan city ahead of a summit meet of the 51-member organization.

Alatas said the conference was being held at "a very important time," coinciding with the 25th anniversary of the establishment of OIC. "it is very good opportunity to look backward to see what we have done wrong and to look forward to see what are the priorities."

He also said that the meeting also occurred at a time when serious developments described by him as 'very negative' were taking place in Bosnia.

According to Alatas, the conference would address different issues such as 'the totally wrong image of Islam in the non-Islamic world', the implications of the world economic situation and developments.

"Indonesia, like all other OIC countries will oppose the withdrawal of UNPROFOR [UN Protection Force] troops and we think the people are not anymore so easily thinking about withdrawal," he added. "As to the offer by some Islamic countries to send troops, we are in favor of it, of course. We fully support them but I do not think they will come up so quickly with a decision to withdraw."

Commenting on the future prospects of Iran-Indonesia relations, he said since the visit by the two heads of state, "the prospects are very good and I hope the already good relations will continue to be closer and closer."

#### **Minister Urges Regional Communications Cooperation**

*BK1312071994 Jakarta SUARA KARYA in Indonesian 10 Dec 94 p 3*

[FBIS Translated Text] Jakarta, SUARA KARYA—President Suharto has urged the Multi Media Training Center (MMTC) in Yogyakarta to function as a center for upgrading training and education for friendly nations in Southeast Asia. Indonesia is willing to provide assistance for this purpose.

The head of state said this to Information Minister Harmoko at the Merdeka Palace in Jakarta on Thursday [8 December] when the minister presented his report to President Suharto on the outcome of his 20-27 November visit to Vietnam.

According to Harmoko, there is a need for greater bilateral cooperation among the ASEAN member countries and the Asia-Pacific nations in the field of information—particularly in electronic media—in order to

maintain a balanced flow of information in the Asia-Pacific region. The major problem lies with the utilization of satellites.

In this connection, the information minister said that during his recent visit to Vietnam, he held discussions with his Vietnamese counterpart on the possibility of Vietnam utilizing the Palapa transponder for its television. Vietnam currently uses the Palapa transponder to transmit its radio programs. According a report by the Vietnamese information minister, there has been an improvement in the country's radio operations, with clearer reception spreading over a wider range.

Foreign technical cooperation assistance will be extended in accordance with the priorities, whether in the electronic media, print, or telecommunications sectors. Harmoko said: "I think this is relevant because it will pose no problem for the improvement of bilateral cooperation. The Voice of Indonesia program is currently being aired in Vietnam, for example, and their radio carries an Indonesian language program that is well-received by listeners around the region."

The information minister said Vietnam desires better bilateral cooperation in the economic and trade sectors and this can be used as a yardstick in enhancing friendly ties in the future. Vietnam has urged Indonesian industrialists to develop trade not only for the major traders, but also for the medium scale sector.

The minister also reported on the preparations for the upcoming December Press Board plenary session scheduled for 14-15 December in Linggarjati, Kuningan Regency in West Java.

#### **SRV Refugees Repatriated From Galang Camp**

*BK1112164794 Jakarta THE INDONESIA TIMES in English 1 Dec 94 p 8*

[FBIS Transcribed Text] Batam, Riau—A total of 271 Vietnamese refugees on Tuesday were repatriated from Indonesia's Galang Island through Batam's Hang Nadim Airport to Vietnam's capital city [as published] Ho Chi Minh.

Also known as the "boat people," the Vietnamese refugees were taken by a navy boat from Galang to board their flights via Air Vietnam and Garuda Indonesia in Hang Nadim Airport, security escorts told ANTARA.

Rakhman, commander of the Galang Refugee Treatment and Security Unit, said that repatriation, which was voluntary in nature, are mostly made by refugees under 30 years old. [sentence as published] "And among them were 29 babies born on Galang Island," he added.

On November 15, some 129 refugees were also repatriated via the same route, said Rakhman.

Galang Island at present has 7,340 Vietnamese refugees. All of them undergo a screening process to determine

those who will be resettled to a third country and those who will be sent back or repatriated to Vietnam.

But repatriation process is made in accordance with the "voluntary repatriation program."

"So far there are about 2,000 refugees who are bound for resettlement to a third country and about the same number for repatriation," said Rakhman.

Observers witnessing the repatriates [as published] sent off noted that a cordial and close relations had been established between the refugees and police security officers.

#### **Editorial Views Implementation of APEC Accord**

*BK0912123694 Jakarta KOMPAS in Indonesian 5 Dec 94 p 4*

[Editorial: "The Indonesian Government Takes Steps To Implement the APEC Consensus"—italicized passages published in English]

[FBIS Translated Text] The Indonesian Government is making an effort to take measures to follow up on the APEC [Asia-Pacific Economic Cooperation] accord reached on 15 November. This effort is praiseworthy because it is considered imperative.

The follow-up action is not being undertaken by the government because of the APEC consensus reached in Bogor or because of President Suharto's position as an elder statesman. It is being undertaken solely for the sake of the Indonesian community. We will eventually and unquestionably implement the Bogor Declaration for the sake of our nation and people and as the host of APEC.

Hartarto, coordinating minister for trade and industry, has held a series of meetings with the mass media and the Indonesian Chamber of Commerce and Trade. He will also hold meetings with other strategic sectors.

There is a need for further information, communication, dialogue, and explanation on trade liberalization because of a misconception given by Professor Sumitro Jojohadikusumo on the topic. The senior economist said that liberalization is not really liberal, and undertaking such a move does not indicate that we accept liberalism.

Liberalization means the opening of the economy, trade, and investment so that every country—including Indonesia—can take advantage of available opportunities. Indonesia has carried out liberalization in the form of deregulation, debureaucratization, and opening its doors to trade and investment.

Our method of liberalization conforms with the 1945 Constitution. It is a method for implementing the economic principles and regulations laid down in the 1945 Constitution and keeping abreast of historic reforms that have been universally proven to provide a more realistic contribution to the people's wellbeing and progress.

It is interesting to note that several questions arise regarding the future open and free trade in accordance with the APEC consensus. The questions are: Where does Indonesia stand as far as trade liberalization is concerned? Will it be victimized by the developed nations? Will Indonesia's ideology be affected by liberalization?

As stipulated by the 1945 Constitution, the people's deeply rooted sensitivity in connection with their outlook and identity forms the positive side of the equation.

The negative side of the equation is the weak understanding and knowledge regarding the nucleus of the issue. A large portion of the community does not truly understand what the APEC accord is all about; the meaning of liberalized trade and investment and the advantage that Indonesia will enjoy if it is willing to embark on the necessary reforms.

Let us look at the positive side, which concerns the people's sensitivity over their national outlook and interest. We need to mobilize and direct their understanding in that direction.

First, the coordinating minister for trade and industry needs to explain that in accordance with the APEC consensus, all industrialized nations within the Asia-Pacific region must restructure their economies. We can benefit from this opportunity if we are interested, perceptive, and active. The people's concern is that once free and open economic activities such as trade and investment are in place, Indonesia will be overwhelmed by better products and services from the developed nations or even at home. Will the strong nations become stronger and those that are progressive become more advanced while the majority remains dormant?

What is the explanation, then? A country like Indonesia may be open to trade and investment, but this does not mean that every product and service will be allowed to enter the country uncontrolled. A regulation exists calling for foreign trade and investment in the form of partnerships. There are other aspects apart from the economy. Indonesia must strengthen its economic resilience sufficiently before the year 2020.

What about the autocracy in our domestic economy that has been perceived as the source of the country's economic discrepancy? This issue will be an appropriate test for us to ascertain whether or not we are prepared to implement the APEC consensus when the time comes.

Apart from objective advantages such as experience and long-term continuous business expertise, the dominant domestic business sector also enjoys subjective advantages such as protection, monopoly, and collusion. In an effort to embark on a development program, the government was motivated to commission the dominant and willing businesses to carry out the program. This undertaking was not considered negative.

Then the objective and subjective considerations merged. This resulted in protection, monopoly, oligopoly, and other practices of a *rent seeking* economy. We have seen the evidence, and the government and people have subsequently taken steps to remedy the situation.

In Indonesia, the *rent seeking* economic pattern successfully laid down a basis for progress and simultaneously eliminated a portion of poverty among the people. This economic system has also caused serious setbacks, however, particularly economic inconsistency among the social sectors.

According to foreign and local economic experts, Indonesia's economy would become stronger and equally distributed if there was no mismanagement.

Although Indonesia's economy is progressing and advancing, it is still considered to have reached only the minimal stage.

It must still make further efforts to penetrate and capture more foreign markets. Its exports have increased, but this is limited to nonprimary goods.

What is the implication of the APEC consensus? Indonesia's economy should not be faced with limitations. Free and open trade should bring about a two-way reaction. We should take advantage of the foreign markets that will have no discriminatory nontariff barriers once they are open.

What does this mean? It means that Indonesia needs to produce quality goods and services at competitive prices, such as maritime transportation services and so on. A competitive economy can only materialize when there is no protectionism, monopoly, or *captive* government market.

By taking such a step, the sources of collusion, corruption, and social disparity will be simultaneously eliminated.

Consideration and priority should be given to these issues so that the small, medium, and weak communities will be able to enjoy equal and open opportunities and not fall victim to stronger and more experienced counterparts.

In other words, if we are left with no alternative but to implement the APEC agreement, we can simultaneously achieve two objectives. First, Indonesia's economy will become competitive both domestically and externally. Second, monopoly, oligopoly, and collusion will be eradicated. There will be more basis for equal opportunity and distribution. As a result, a clean, efficient, and trustworthy administration will prevail.

We have to do our homework on the issues that are all around us. First, we must fully understand the source of the problem. Second, we must be jointly committed to implement our objectives. As a follow-up, we need to

embark on information exchanges, communication, dialogue, and debate. People do not lose their enthusiasm because of a misunderstandings, but because they fear they will lose opportunities because of the changing the economic order—from the old to the new order.

What will happen if all the Asia-Pacific countries implement the Bogor Declaration on free trade and investment and the development of infrastructure and human resources, including the small and medium private sectors?

It will not be a not be a *win and lose* situation where there is a winner and a loser. As many have yet to know, it will be a *win and win* situation, where everyone will definitely benefit.

### Process of Trade Liberalization Examined

BK0912143894

[FBIS Editorial Report] Three Indonesian-language Jakarta dailies—SUARA PEMBARUAN, KOMPAS, and MERDEKA—carry items on the significance of trade liberalization in the wake of the Asia-Pacific Economic Cooperation, or APEC, summit.

SUARA PEMBARUAN on 2 December carries a 600-word report on page 1 citing Professor Sumitro Jojohadikusumo, a prominent economist and former trade minister, as saying that the economic liberalization agreed to during the recent APEC summit will prompt Indonesia to speed up deregulation in the real production sector, which will in turn eradicate economic monopolies and collusion. He stresses the need to explain to the public that economic liberalization has nothing to do with economic liberalism. "Freedoms for the few, monopolies, and quotas only protect a handful of people. This will be prevented or eradicated through liberalization," he says.

The report continues: "The former trade minister says that deregulation in the real sector will do away with various economic regulations that serve the interests of a small group. He adds that he has called for trade liberalization since 1983 in order to bring about deregulation in the real sector. In addition, the economist states that deregulation in the monetary sector alone is not sufficient."

Meanwhile, the former trade minister notes that Indonesia is becoming competitive on the world trade scene. Its annual exports have now increased to \$30 billion. In conclusion, he suggests that the role of small and medium-scale entrepreneurs in the national economy should be strengthened. If this is not done, they will be bypassed in the business competition. "Deregulation in the real sector will provide small and medium-scale economic players with good opportunities on the economic playing field because big economic players will be prevented from such practices as monopolies, collusion, and the payment of illegal levies."

KOMPAS on 5 December carries a 1,400-word feature on page 2 by leading economist Kwik Kian Gie. He says that the government's preparations to meet the APEC deadline by the year 2020 will be not be similar to the preparations of the private sector. He says it remains uncertain whether the future administration in the year 2020 will be consistent in conducting activities that will further open Indonesia's economic borders. Kwik Kian Gie notes the country's natural resources were siphoned off by the colonial power. He thinks Indonesia's current economic setup still follows the colonial pattern, when raw materials were purchased at low prices.

He says: "We are currently entering the APEC era and are in the early stages of opening our national system to meet the 2020 deadline. Many believe that this is an era in which we will cleanse ourselves of monopolies, cartels, corruption, collusion, and a rent seeking economy and encourage competition, a clean and efficient administration, and so on.

"Why did we only think of this now? Other nations simultaneously democratized their economies and politics long before APEC. It is only appropriate to ask if APEC truly has the power to reform the elite groups that have enjoyed numerous benefits since the colonial era."

The economist asks if any established industrialist would dare to come forward and cleanse himself of all distortions, as this would eventually lead to a loss of the income that is derived from depriving and limiting the people's rights.

Kwik Kian Gie says: "I see no reason why APEC cannot become a great power and eliminate all rent seeking practices by established industries. Are we not currently seeing a progression where rent seeking activities are getting out of hand with the construction of numerous vital and giant projects in the infrastructure?"

In conclusion, the economist says that Indonesia's honor and credibility rest with the people and not with economic globalization. According to him, economic globalization has the power to transform a country and its people into "an elite society, a comprador, or a slave."

Jakarta MERDEKA in Indonesian on 6 December on page six carries a 1,300-word article entitled "Indonesia's Readiness for the Free Market in 2020" by finance consultant Fahrudin Salim. It notes that an important decision of the APEC summit was a consensus on trade liberalization. Based on the consensus, the developed APEC members will implement free trade no later than 2010, while the developing members will implement it no later than 2020.

Regarding the readiness of the local business circles for free trade by 2020, Fahrudin Salim analyzes whether Indonesian business circles are ready to free themselves from practices of collusion, monopoly, and protection. In his opinion, this is uncertain.

"The decisionmakers must have a political will and the business circles must be willing to end unfair business practices because these practices will only make national industries inefficient and ineffective. Obviously, every economic or political deregulation package must lead to the integration of the national economy into the world economic system.

"The government and national businessmen must at least anticipate and seize opportunities for market and investment in all sectors, including the services sector. Efforts to integrate the national economy into the world economic system require the business circles to close ranks and create Indonesian Incorporated.

"The development of advanced industries supported by the agricultural sector must continue to be promoted to enable the nation to face competition for market access. Resource-based industries are possible here because Indonesia has a comparative edge in natural resources and manpower.

"The government has a great role in making reforms. However, the business circles themselves must also be intelligent enough in seizing opportunities in the free market. Their intelligence is necessary largely to reduce economic losses that Indonesia will incur. According to the OECD and the World Bank, Indonesia will suffer the most from world trade liberalization. The losses will reach 4.2 trillion rupiah annually when liberalization takes effect through tariff and subsidy reductions in 2002 [year as published]."

Touching on GATT, the finance consultant notes that the agreement contains provisions designed to overcome obstacles in world trade, especially those pertaining to tariffs and protection. He notes that not all developing nations are well prepared to formulate their economic policies.

"On the one hand, developing nations are required to follow the liberalization trends. On the other hand, they are unable to integrate their economies into the world economic system for several reasons such as the low competitiveness of their products and the low domestic purchasing power."

In conclusion, Fahrudin Salim says Indonesia must implement free trade provisions in GATT despite several problems facing the nation, such as the low competitiveness of domestic products, low productivity, and the low domestic purchasing power. In addition, Indonesia must face regional economic groups such as NAFTA, EFTA [European Free Trade Association], and the EC, which tend to be exclusive. Thus, Indonesian exporters will face greater challenges. A sharp drop in exports will undermine the nation's economic structure.

"Indonesia is challenged to immediately improve the investment climate, streamline economic infrastructure, abolish various constraining regulations, ensure valid legal provisions, especially in the economic field, expand

deregulation and debureaucratization drives, and take other steps such as strengthening the technological base, developing human resources, and enhancing the domestic purchasing power."

### Daily Proffers Meaning of Liberalized Trade

*BK1012160794 Jakarta KOMPAS in Indonesian 8 Dec 94 p 4*

[Editorial: "Liberalized Trade Is Not Liberalism"]

[FBIS Translated Text] The consensus reached by 18 APEC members to realize liberalized trade and investment does not mean that their economies are based on liberalism. The core is openness in international trade, for which the tariff and non tariff levies are set at the minimum. Indonesia, in entering the liberalized trade of APEC, still refers to Article 33 of the 1945 Constitution, the Broad Outline of State Policies, and the trilogy of development. This was what Coordinating Minister for Industrial and Trade Affairs Hartarto said at the Department of Information Thursday last week .

It is interesting to examine what Hartarto has said. Referring to an English-Indonesian dictionary, we find that the word liberal (the derivation of liberalization and liberalism) is from the word liberate, which means to free, to let go, or release. So, what Hartarto said was right, that APEC's liberalization of trade and investment means to free international trade and investment from any barriers, tariff and non-tariff.

It seems that as soon as Indonesia, a member of APEC, agrees to the realization of liberalized trade and investment, there is a wave of accusations or at least an inaccurate perception that it is adopting liberalism in its economy. In other words, the Indonesian economy is a liberal economy. For that reason, the government, through Coordinating Minister Hartarto, affirmed that in implementing liberalized trade under APEC, Indonesia's economy will remain intact with Article 33 of the 1945 Constitution, the Broad Outline of State Policies, and the trilogy of development.

It has often been reiterated that the Indonesian economy is neither capitalist nor liberal, as in developed countries like the United States, Western European countries and Japan. It is also neither a socialist nor centralized, as was the case with the former Communist countries. Local Professor Mubyarto, for example, said Indonesia's economy must be the Pancasila economy even though laymen like us may not know what a Pancasila economy is and how it is different from the capitalist and socialist economies.

Though many say that our economy is neither this nor that, we often say that it is a blend between the market economy (or capitalist or liberal economy) and one with centralized planning. We exercise a market economy with the government playing a dominant interventionist role in policy and planning.

We have always believed that capitalist or liberal economy is not suitable for Indonesia, as only the strong will survive in that system where competition knows no humanity, and where the common people (which is the weaker majority), will live in misery and ruin. It seems to us that in the market economy mechanism in the capitalist economy, there is bare and murderous competition, in which the government cannot intervene nor stop.

This was true. About 150 years ago up to the 1930's, the world went through an industrial revolution that began in England, which expanded to the whole of Europe, and then to the United States. The liberal or capitalist economy that we are able to imagine above is no longer the case now.

There has been a kind of evolution in that system, and an improvement in what was considered bad in the capitalist or liberal economy. For example, in the United States there is an anti monopoly law, and protection for small businesses in the Small Business Administration (SBA). There is a strong control over the stock market with imprisonment meted out to violators. There is a set of laws to be obeyed in relations between entrepreneurs and labor, including minimum wages and health insurance. There is protection for elderly citizens under the social security scheme, and health insurance (medicare and medicaid) [preceding two words in English]. The law of taxation is strictly sanctioned, and so the maxim: There is nothing surer than death and taxes. The list continues.

That system protects the low-income group, the weak, the sick and the unemployed and even the heirs of the deceased, while freedom of venture is in the air pursuant to the law, regulations and convention .

So, in that system too, there is a strong government intervention in protecting citizens on the one hand. On the other, there is freedom of healthy and fair competition in the market economy. In other words, in the capitalist or liberal economy of developed countries, there is strong and effective government intervention.

Government regulations in developed countries in capitalist or liberal economies are stricter and has greater limits put on competitiveness, compared to the government regulations in developing countries, which for one reason or other, has created a market economy distorted by protection, monopoly and collusion.

In looking at capitalism and liberalism, we must remember what Kwik Kian Gie, an economic observer, said. He said that if an inn keeper is able to accrue capital to own two or three inns at the same time, or even a supermarket, he is a capitalist. He can do that because he runs a capitalistic economy.

So we believe in opposing the assumption that Indonesian exercises a capitalist or liberal economy, we must not be defensive and deny it without sound arguments. What we term capitalist or liberal economy is no longer a phantom.

We have declared that our economy is arranged in accordance with Article 33 of the 1945 Constitution, the Outline of State policies, and the trilogy of development. This has not explained what kind of economy we have. However, that is not important now. Rather, the problem now is, on the basis of the three things cited above, how can Indonesia's economy be developed in a just and fair way, so as to bring wealth and prosperity to the people.

#### **Former OPEC Official Projects Oil Price Rise**

*BK1012101894 Jakarta SUARA PEMBARUAN in Indonesian 28 Nov 94 pp 1, 19*

[FBIS Translated Excerpt] Jakarta, 28 Nov—SUARA PEMBARUAN correspondent interviewed former OPEC secretary general Dr. Subroto and a petroleum developments observer, Bakrawi Sanusi, in Jakarta on Sunday.

Subroto said the government should be conservative and very careful when projecting the benchmark price of oil in the 1995/1996 draft state budget. This is because the world oil supply will be overshadowed by Iraq's reentry into the market. Iraq is still under a United Nations trade embargo. The safest benchmark price is U.S. \$16 per barrel, as was projected in the 1994/1995 draft state budget.

Subroto said that there were signs of economic growth in developed countries such as the United States, the European Union, and Japan. But the growth would not be as high as expected such that there will be a great increase in the demand for oil in 1995.

He estimated that the OPEC oil demand in 1995 will reach 25.3 million barrels per day (bpd). "If OPEC can maintain its production at 24.52 million bpd as agreed upon at the Bali conference, the prices are likely to remain stable," he said.

On paper, Iraq's oil production is written as about 400,000 bpd. In reality, Iraq's current production is about 707,100 bpd. Therefore, OPEC's real production ceiling is 24.8 million bpd. "From here we could see the differences between the demand and the over supply," Subroto said.

Although Subroto was optimistic that world oil prices are likely to increase after the agreement at the Bali conference, he warned the government to be cautious in predicting oil prices.

He predicted that once the UN lifts the trade embargo on Iraq, it will raise oil production to about 3.6 million bpd as in the pre-Gulf War days. It is a fact that Iraq's oil production continues to increase. However, Iraq would need a long time before the production of 3.6 million bpd could be reached, as its oil fields require rehabilitation.

Based on this, Subroto projected the average price of Indonesia's oil to be around U.S. \$16.5 per barrel in the

1995/1996 fiscal year, such that a decision was reached to set the safe benchmark price of U.S. \$16 per barrel.

Bakrawi Sanusi gave similar views to the journalist. He even proposed the price of U.S.\$15 per barrel for Indonesian oil in the 1995/1996 fiscal year to ensure that output and prices would remain stable. But the price of U.S.\$16 per barrel is the much better, he added. [passage omitted]

#### **Contracts To Develop Geothermal Power Signed**

*BK1212075394 Jakarta KOMPAS in Indonesian 3 Dec 94 p 2*

[FBIS Translated Excerpt] Jakarta, KOMPAS—On Friday (2 December), the Pertamina state oil corporation signed four contracts worth U.S.\$2.12 billion to utilize geothermal power which will produce 880 megawatts of electricity in the sixth Five-Year Development Plan. Pertamina signed the contract with several foreign and local companies to cover the areas of Dieng in Central Java, Wayang Windu, Patuha, and Karaha in West Java. The same occasion also saw the signing of an energy sales contract [three preceding words in English] between Pertamina and its partners as the seller and the State Electricity Authority as the buyer of electricity.

The two contracts were signed after a memorandum of understanding on mining cooperation was signed between the Indonesian Government and the U.S. Geological Survey. Another memorandum of understanding on the formulation of environment laws and mining information exchange was signed between the Indonesian Government and the Office of Surface Mining and Reclamation. The events, held at the Mining and Energy Department, were attended by Mining and Energy Minister I.B. Sujana and witnessed by U.S. Ambassador Robert L. Barry, parliament's Commission V officials, and high-ranking officials. [passage omitted]

#### **Fretilin Member Captured in East Timor**

*BK1312041894 Jakarta ANTARA in Indonesian 1459 GMT 12 Dec 94*

[FBIS Translated Text] Dili, 12 Dec (ANTARA)—Another member of a terrorist group which calls itself the Fretilin [Revolutionary Front for an Independent East Timor] has been captured in East Timor. Julio Fernandes, 35, from the Sahen Group, was captured by a security team at Leto Village, Kailako Subdistrict, Ermera District about 25 kilometers to the west of Dili.

The terrorist was captured on 10 December 1994 following a tip-off from local residents. ANTARA received this report from Infantry Major Leiden L. Simbolon, head of the Information Unit of the 164 Wiradharma Military Area Command, in Dili on Monday. Simbolon said that the residents reported the presence of Julio Fernandes to the security personnel because they were fed up with such acts as thefts and robberies committed by terrorists. He said that the security personnel together

with the local people captured two Fretilin members in the first two weeks of December. He added that there are now just 186 terrorists holding 104 pieces of arms of different types in the jungles.

According to Simbolon, Fernandes admitted that his group has lost its strength, because its morale is low. Besides, its weapons are already outdated and its supplies and ammunitions stocks are depleted.

"Accordingly, we and other groups in the jungles and mountains have often stolen cattle and agricultural produce belonging to the local people," Simbolon quoted Fernandes as saying.

## Laos

### Phoun Sipaseut Cremation Ceremony Reported

#### Ceremony Held 12 Dec

*BK1212162194 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 12 Dec 94*

[FBIS Translated Text] At 1400 today, a cremation ceremony of Phoun Sipaseut was held at the crematory at the That Luang Pagoda grounds in Vientiane capital. Attending the cremation ceremony were Khamtai Siphandon, chairman of the Party Central Committee and prime minister; Nouhak Phoumsavan, Political Bureau member of the Party Central Committee and president of state; members of the Political Bureau of the Party Central Committee; members of the Party Central Committee; ministers or deputy ministers; representatives of people of various classes; along with foreign diplomats, representatives of international organizations to Laos, representatives of various companies, enterprises, offices, organizations, and a large crowd of Vientiane residents.

When the funeral procession arrived at the That Luang Pagoda grounds, religious rites were held with the chanting prayers by a total of 150 Buddhist monks and novices. Afterward, Thongpin Sipaseut, on behalf of Phoun Sipaseut's family, made a speech expressing thanks to the Funeral Organizing Committee, various organizations, as well as guests and Vientiane residents who attended the cremation. The ceremonial cremation then began with the monks and novices, white-robed women and men, party and state leaders, members of diplomatic corps, foreign guests, representatives, and Vientiane residents putting sandal sticks under the coffin laying on the catafalque. The actual cremation is scheduled to be held at 1900 of the same day.

#### SRV Delegation Attends

*BK1312071494 Hanoi VNA in English 0638 GMT 13 Dec 94*

[FBIS Transcribed Text] Hanoi VNA Dec. 13—A Vietnamese party and government delegation led by Deputy Prime Minister Phan Van Khai attended the prayer and

cremation ceremony held in Vientiane on Dec. 12 afternoon for Mr Phoun Sipaseut who died last week.

Mr Phoun Sipaseut was Politburo member of the Lao People's Revolutionary Party (LPRP) and deputy prime minister.

Also on Dec. 12, Deputy Prime Minister Phan Van Khai, who is also Politburo member of the Communist Party of Vietnam, was received by Khamtai Siphandon, chairman of the LPRP Central Committee and prime minister, and President Nouhak Phoumsavan of Laos.

Speaking to Vietnamese guests, the Lao president stressed that the parties, states and people of Laos and Vietnam have always stood side by side in the past struggle for national liberation as well as in national construction and defence at present.

### More Refugees Return From Thailand 8 Dec

*BK1012145194 Vientiane KPL in English 0929 GMT 10 Dec 94*

[FBIS Transcribed Text] Vientiane, December 10 (KPL)—99 families of over 300 refugees arrived home on December 8 from the Napho camp, Thailand.

They are the 11th group of repatriates since early this year. Among them are 85 families of 342 persons who are natives of Vientiane Province, 11 families of 37 persons of Vientiane prefecture and three families of 14 persons of Bolikhamsai Province.

Since early this year, over 2,000 refugees in Thailand have returned home through the checkpoint of Hatsai-fong District, Vientiane prefecture.

It is expected that the repatriation of over 8,000 Lao refugees [remaining] in Thailand will be completed in 1995.

## Philippines

### Investigation Into PAL Bombing Reported

#### Team Sent to Japan

*BK1212124294 Quezon City PTV-4 Television Network in Tagalog 1000 GMT 12 Dec 94*

[FBIS Translated Text] Interior Secretary Raphael Alunan III today revealed that a three-man team has been sent to Japan to investigate the bombing of a Philippine Airlines [PAL] plane. Alunan gave instructions to the team, composed of representatives from the Philippine National Police Aviation Security Command, Air Transportation Office, and PAL before they departed for Okinawa and Tokyo. They will coordinate with Japanese investigators to find out who is responsible for the bombing of an airliner, which resulted in the death of a Japanese national and injuries to scores [as heard] of other passengers.

The plane is now at Naha International Airport and has no external damage. Alunan declined to speculate as to the possible culprit of the bombing. He said that what is certain is the lax security at the airport, which resulted in the accident.

[Begin Alunan recording, in English] A three-man team was dispatched by the Philippine Government to Okinawa to investigate the bombing. Included in that team is an officer of the Philippine Aviation Security Command, or Pascom. I have instructed the Philippine National Police to also conduct an investigation in Cebu and examine the circumstances behind the security lapse that enabled persons unknown to smuggle an explosive inside the jumbo jet. [end recording]

In the meantime, Senator Rodolfo Biazon immediately blamed the lax security in our domestic and international airports, particularly the relaxed security at the Mactan International Airport that has witnessed.

Congressman Gregorio Andolana, however, does not believe that the revolutionaries are behind the incident. Andolana believes terrorists are behind the bombing.

[Begin recording, in English] [Biazon] Our Air Transport Office, the ATO, should conduct a check of the security arrangements and security precautions in all of our airports, especially the big airports such as Zamboanga. As a matter of fact, last night in Zamboanga, I felt that there were some laxity in the checking of hand-carried baggages when I was coming back to Manila. There should also be a check of Davao, Cebu, and of course Manila.

I found that our metal detectors sometimes break down. Some of our x-ray equipment in our major airports, sometimes are not even used.

[Andolana] The only conclusion I would say, in so far as this incident is concerned, is it could be done by any force or any group which would like to discredit any of these revolutionary forces, and or, one who would want to discredit government in our economic headway. [end recording]

In a related development, maximum security is now in force in all the country's airports. The action was enforced by government authorities after the bombing incident.

Interior Undersecretary Alexander Aguirre said there is a need to thoroughly check passengers to thwart any attempt by terrorists after the Abu Sayyaf group claimed responsibility for the bombing.

#### Investigation Underway

*BK1312021194 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 12 Dec 94*

[FBIS Translated Text] A team of investigators is already in Okinawa to investigate the bomb explosion aboard a PAL [Philippine Airlines] plane that killed one Japanese

passenger. The explosion took place as the plane was en route to Tokyo from Cebu City.

Here is Joel Barotella reporting the details of the start of the investigation:

[Begin recording] [Barotella, in progress] ...to help the Japanese investigators to discover the cause of the midair explosion. The investigating team currently in Okinawa is composed of Augustus Viso, PAL vice president for operations; Chief Inspector Edgar (?Gatumbato) of the PNP [Philippine National Police] Pascom [Philippine Aviation Security Command]; and one Boeing representative. They are scheduled to make a visual inspection of the damaged part of the plane's floor. According to reports, the damaged portion is two and one-half inches long under seat number 26 in the economy class section of the plane. The seat is on the right side of the plane near the exit door.

Meanwhile, Pascom and the PAL have tightened security at Cebu International Airport as a result of this incident. Aside from using metal detectors and x-ray machines, the baggage of passengers flying on PAL is now being searched:

[Melchor Aquino, identified by caption, in English] The security measures already in place are adequate, but just to alleviate the fears of the riding public we are boosting our security in all the stations that we have. I think what needs to be done is for the government authorities to be... [pauses] to exert also a lot more vigilance in terms of checking passengers, inspecting them, carry all luggage brought on to the plane. [end recording]

#### PAL Crew Returns

*BK1312053094 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 12 Dec 94*

[FBIS Translated Text] The flight deck and cabin crew of PAL [Philippine Airlines] Flight PR 434 has arrived back in Manila from Narita Airport via Cebu aboard a DC-10 jet. Also arriving on the PAL flight were Captain Ed Reyes, First Officer Jaime Herrera, and Flight Engineer Dexter Comendador. The flight deck and cabin crew were praised by President Ramos for showing a high level of professionalism in the face of a dangerous emergency situation.

Meanwhile, Bobby Guanzon of radio station DZBB is currently speaking to PAL spokesman Jonathan Gismundo in relation to the explosion:

[Begin live relay] [Guanzon] Jonathan, good morning.

[Gismundo, speaking via telephone] Good morning, Bobby.

[Guanzon] The crew of flight PR 434 returned last night. How are they and what is the account of Pilot Ed Reyes, sir?

[Gismundo] Yes, the DC-10 arrived at 2245 with the entire PR 434 cabin crew. Captain Ed Reyes gave several statements to the reporters who met them. The PAL welcoming party was headed by Chairman Carlos Domingues. Captain Reyes said they were able to use and demonstrate what they learned during their extensive training in handling this kind of emergency situation. He also said the plane was actually on auto pilot when the explosion took place and remained so even after he learned that there had been a bombing inside the cabin. He started to disengage it only after there were changes in the cockpit controls. He also said there was a hole in the flooring of row 26 at the front of the economy class section.

[Guanzon] Is it true that there was a foul smell of oil and other related substances under seat 26 before the explosion took place, Jonathan, sir?

[Gismundo] Yes, the cabin attendant near row 26 when the incident took place mentioned that there was smoke before the explosion took place.

[Guanzon] Would you say that what the passenger said—that the bomb could have been just be a firecracker—is true?

[Gismundo] You know, Bobby, we cannot speculate on that yet because we are still compiling information to help those conducting the investigation. [end live relay]

### **Mechanical Defect Ruled Out**

*BK1312120094 Hong Kong AFP in English 1122 GMT 13 Dec 94*

[FBIS Transcribed Text] Manila, Dec 13 (AFP)—Philippine Airlines (PAL) confirmed here Tuesday that a joint survey team with Japan Airlines personnel had ruled out a mechanical defect as a possible cause of the mid-air blast aboard a PAL Boeing 747-200 on Sunday that killed one Japanese passenger.

"A joint survey...ruled out mechanical defect in the aircraft as a reason that could have triggered the explosion," a PAL statement said. However, a PAL spokesman would not comment on whether this confirmed that an explosive device brought aboard the plane had caused the blast.

The Philippines' largest broadcaster, ABS-CBN, quoted Jaime Herrera, first officer of the stricken plane, as saying there were remains of gunpowder in the area where the explosion occurred. An ABS-CBN news report quoted Herrera as saying he had given this information to the Japanese aviation officials investigating the blast.

Earlier, when asked about speculation that the blast may have been caused by explosive materials that were slipped aboard when the plane made a stopover in the central city of Cebu, Transportation Secretary Jesus Garcia said "that is a possibility." He added that such speculation had prompted him to ask for heightened

security at the Cebu airport, although he would not comment on the identity of any potential bombers.

"Definitely, there was a breach of security, something went wrong," said Peter Mutuc, Manila airport's security chief.

"Even if you have X-ray machines, in the final analysis the human factor—vigilance—is important," he told AFP.

Mutuc said 29 additional airport inspectors, trained by the US Federal Aviation Administration, would be fielded at the Manila international and domestic airports "to ensure that the standard and recommended practices of security are complied with."

However, Garcia and the government's Air Transportation Office (ATO) said they had not yet received any report from the investigatory team that went to Japan.

Philippine officials had earlier cast doubt on the involvement of the Abu Sayyaf, an Islamic fundamentalist insurgent group, in the incident.

An anonymous telephone caller saying he represented Abu Sayyaf claimed credit for the bombing in a conversation with a foreign news agency here several hours after the blast.

It has also been speculated that firecrackers might have been sneaked aboard the plane by a passenger. Firecrackers are widely used in the Philippines during the Christmas and New Year holidays.

The ATO team left for Japan on Tuesday to help pinpoint the cause of the explosion, an ATO spokesman said. However, the team has not released any results of the initial investigation.

### **Officials Doubt Abu Sayyaf Link**

*BK1312051394 Quezon City Radio Filipinas in English 0230 GMT 13 Dec 94*

[FBIS Transcribed Text] Police and Muslim rebels in Zamboanga in southern Philippines passed out on claims that Abu Sayyaf extremists were behind the midair explosion of a Tokyo-bound Philippine Airlines [PAL] jet which killed one man. Officials said investigators were scrutinizing the passenger list to see if anyone has (?made) for the Japanese Red Army guerrilla group or the Yakuza, a Japanese organized crime.

A man claiming to speak for Abu Sayyaf, a Muslim fundamentalist group, claimed responsibility for Sunday's blast in a call to an international news agency in Manila. Ten people were injured in the explosion, which forced the PAL Boeing 747 to make an emergency landing in Okinawa. The flight began in Manila to stop over at Mactan Airport in the central Philippine city of Cebu.

The military has blamed the Abu Sayyaf for a serious case of bombings and kidnappings in the Philippine

southern island. The group of young Muslim radicals is a breakaway faction of the Moro National Liberation Front, MNLF, the main group which has been fighting for autonomy in the southern region of the Philippines.

Regional Police Commander Roberto Lastimosa told reporters in southern Zamboanga City that he (?thinks) it was unlikely for the Abu Sayyaf to be the culprit of the plane bombing considering that it happened in Cebu. He said the Abu Sayyaf are not known to operate in Cebu. MNLF Information Officer Mohammad (?Sali-Apostol) doubted the Abu Sayyaf will leave their hinterland sanctuary and go to a distant international airport to plant a bomb.

### Thailand

#### Official: No Extradition to U.S. for Former MP

BK1312082294 Bangkok *THE NATION* in English 13 Dec 94 pp A1, A5

[FBIS Transcribed Text] Thanong Siriprichaphong, the former Chat Thai MP indicted by a US district court for drug trafficking, cannot be extradited to the United States under Thai law, the secretary-general of the Judiciary Affairs Office [JAO] said yesterday.

The Extradition Act does not require a Thai citizen to be sent to a foreign country for punishment, JAO Secretary-General Charan Phakdithanakun said.

The legislation sets out three guidelines for such extradition: the offence must be considered a crime in both countries; it must not be of a political nature; and no Thai citizen is required to be extradited.

Although Thanong's drug trafficking offence is considered a crime in both Thailand and the US, and is not considered political, the fact that he is a Thai citizen protects him from compulsory extradition, Charan said.

Information that the Police Department had received a request from the United States Drug Enforcement Agency (DEA) fuelled rumours that the former opposition member of Parliament would be subject to extradition.

National Police Chief Gen Phot Bunyachinda confirmed at a news conference yesterday that his department received a written statement from the DEA linking a Thai citizen with drug trafficking, but said he had seen no request to extradite Thanong.

"Recently the (DEA) sent a written request via the Thai Foreign Ministry to the Police Department—but I haven't seen an extradition request for Thanong," Phot said after a routine monthly meeting of the Narcotics Suppression Bureau.

Although there is a Thai-US treaty on the extradition of criminals of either nationality, the extradition of Thai citizens to the US is not compulsory, according to Phot.

The Thai court and government policy will be the ultimate judges in the matter, he said.

Phot said the government has been pleased with the past year's seizure of about 2,000 kilogrammes of narcotics, an amount which even drew praise from US authorities. Arrests of some drug kingpins have raised expectations of a decrease in trafficking, he added.

Narcotics Suppression Bureau Commissioner Lt Gen Somchai Milintharangkun said Thai authorities have been working in coordination with their US counterparts on new evidence, but he refused to disclose any findings, saying only that at present there are insufficient leads to make any arrests.

Thanong was indicted in a US district court in 1992 for exporting some 45 tonnes of marijuana over a period of 10 years to the United States.

The Foreign Ministry made the indictment information known to the public last May, and the charges prompted his colleagues to force Thanong to resign from Parliament.

#### Thaksin Urges Tighter Cambodian Army Discipline

BK1012145394 Bangkok *THE NATION* in English 10 Dec 94 p A5

[FBIS Transcribed Text] Foreign Minister Thaksin Chinnawat called for the Cambodian government to impose tighter restrictions on its troops to avoid further conflicts along the border, including smuggling vehicles out of Thailand for sale in Cambodia. Thaksin said that Thai border police and other concerned officials must also tighten their control to prevent smuggling across the border.

The minister was referring to the recent restaurant shoot-out between 15 armed Cambodian soldiers and Thai police in Sa Kaeo's Aranyaprathet province [as published], where two policemen were killed and an injured Cambodian was arrested.

The Cambodian told investigators that his group crossed the border to receive stolen vehicles from their Thai partners only to find no vehicles delivered, which prompted the soldiers to rob the restaurant instead.

"Cambodian troops are poor but armed with assault rifles. Such problems (as the restaurant shooting) have caused insecurity along the mutual border. The Cambodian government should take responsibility for the incident," Thaksin said.

Referring to the massacre of at least 17 Thai logging workers blamed on the Khmer Rouge in Cambodia's Preah Vihear province, Thaksin said reports that Cambodian troops found three Thai workers still alive were incorrect.

**Cambodia Said Slow in Providing Data on KR**

*BK1012102094 Bangkok THE NATION in English 10 Dec 94 p A5*

[FBIS Transcribed Text] Information on the Khmer Rouge [KR] requested by Thailand if it is to cooperate with Cambodian legislation outlawing the guerrillas has not yet been provided by Phnom Penh, a government source said. The source said yesterday that Thailand has prohibited Khmer Rouge members from entering the country since Cambodia passed the laws about six months ago.

"In a letter to Cambodia's co-premiers dated Sept 27, Prime Minister Chuan Likphai said that Thailand will cooperate fully with the laws which outlaw the guerrillas as long as Cambodia complies with our laws in return," said the source.

Chuan also requested in his letter that Cambodia identifies the Khmer Rouge leaders it wants Thailand to capture if found in Thai territory, and to also reveal where the leaders have deposited their money and under which names, the source added.

Under Cambodia's legislation banning the Khmer Rouge, Cambodia's neighbouring countries are asked to forbid the guerrillas to enter their territories, and to seize their assets and bank accounts.

"So far, Cambodia has failed to send us the information we requested, even though Thailand has stopped Khmer Rouge leaders from entering many times," said the source.

Prior to Cambodia's legislation, Thailand allowed guerrilla leaders to go to other countries through Thailand at the Phnom Penh's government's request, according to the source.

Cambodia and western countries have accused Thailand of continuing to support the guerrillas who have refused to enter the peace process. The legislation outlawing the guerrillas gives the Cambodian government the right to eliminate the Khmer Rouge.

**New Cabinet Lineup Said Taking Shape Quickly**

*BK1312055894 Bangkok THE NATION in English 13 Dec 94 pp A1, A2*

[FBIS Transcribed Text] A new Chuan Cabinet is fast taking shape after the ruling Democrats sealed a deal yesterday with the Chat Phatthana Party, which is to be awarded 14 portfolios for bringing the shaky coalition back from the brink of collapse.

The Democrats will take control of the powerful Interior Ministry as part of the agreement with Chat Phatthana, which in turn is given the Agriculture Ministry to be vacated by scandal-rocked Democrat ministers.

Government policy will remain unchanged, declared Democrat secretary-general Sanan Khachonprasat who

is tipped to become interior minister. The incumbent industry minister was instrumental in the government's dramatic manoeuvring to avert its biggest crisis caused by the New Aspiration Party [NAP]'s withdrawal. The agreement gives all the NAP portfolios except the Interior Ministry to the new partner. Chat Phatthana agreed to swap the interior portfolio for the Democrats' Agriculture Ministry.

After meeting Chat Phatthana leader Chatchai Chunchawan at his residence in the morning, Sanan formally announced the government's decision to bring in the second-biggest opposition party whose arrival will boost the administration's parliamentary strength to 201 MPs.

"There are no longer angels or devils," declared Sanan, referring to the political polarization stemming from the 1992 prodemocracy upheaval.

A joint committee was set up to work out the new Cabinet line-up affecting only the Democrat and Chat Phatthana parties. Prime Minister [PM] Chuan Likphai, the Democrat leader, will soon meet Chatchai, who will not take any Cabinet post.

Castigated by his former allies yesterday, Chatchai attributed his about-face to an intention to avert a potential economic disaster he said was likely to occur if Chuan tried to hang on as a minority government.

"We share the same goal of protecting national interests," Chatchai said. Apparently referring to privy councillor and ex-prime minister Prem Tinsulanon, Chatchai said he was urged by a "very senior person" to help end the government crisis.

Asked whether it was worth deserting former allies and risking tarnishing his party's image, Chatchai replied: "It's worth it if national interests are concerned. As far as myself and my party are concerned, it's not worth it."

Chat Phatthana secretary-general Prachuap Chaisan said his party's decision was based on concerns that the country could backslide into bad old days if military dictators intervened in the political turmoil.

"The most important political deal is made when a government is formed because it is a declaration of public commitment. Other pacts are made under certain circumstances and can change under new circumstances," he said.

Other government leaders also defended the inclusion of Chat Phatthana yesterday.

"We chose this way out because the opposition wanted to topple the government or force a House dissolution," said Prime Minister Chuan.

Democrat Party deputy leader Banyat Banthaththan said the government decided to bring in Chat Phatthana to create political stability and fend off untoward incidents that could arise if the coalition continued with a Parliament minority.

Deputy Prime Minister Banyat said the coalition initially intended to continue as a minority government until the Constitution Amendment Bill is given final reading.

"But there were worries about political instability, which also affected the economy. The stock market has plunged," he said.

Banyat said the single incident which prompted the government to invite Chat Phatthana into the fold was the support many senators gave to a motion calling for an extraordinary session of Parliament.

The motion left it open for the opposition to bring on a no-confidence debate against the government.

Interviews with several sources yesterday showed that either Sanan or deputy Democrat leader Banyat Banthathan would become interior minister. Sanan's chances were reported to be slightly better.

A tentative formula emerging from the interviews has embattled Agriculture Minister Nipphon Promphan ready to take over Sanan's industry ministry while Nipphon will be replaced by Chat Phatthana's deputy leader Kon Thappharangi. Deputy Commerce Minister Churin Laksanawisit would abandon his post to serve as deputy agriculture minister, replacing Suthep Thuaksuban who recently resigned over the Phuket land reform scandal, to ensure continuity of the Democrat-led land reform programme.

The Democrats involved in the reshuffle would seek party approval this morning before officially quitting their current posts at the weekly Cabinet meeting.

Two Chat Phatthana key men—Secretary General Prachuap Chaisan and Somphong Amonwiwat—are set to share the labour and science portfolios one way or the other.

Chat Phatthana's senior executive Athit Kamlang-ek is apparently set to become deputy prime minister, while the party's "rising star" Suwat Liptaphanlop is tipped to become PM's Office minister.

Informed sources predicted immediate conflicts over the reshuffle within Chat Phatthana could snowball and present a new threat to the coalition stability. Party youngbloods in the Group of 16 are said to be upset by the decision to join the government, while resentment could rise among veterans who are not given seats in the Cabinet.

Chat Phatthana comprises several former ministers who are not included in the tentative list. Among them are Buntheng Thongsawat, Pramuan Saphawasu, Suchon Champhunut and Praphay Limpraphan.

Chatchai said last night it was not likely his party would come up with its Cabinet list today.

In all, Chat Phatthana will control the Agriculture, Science, and Labour ministries. Informed sources said yesterday the party unsuccessfully tried to trade the labour portfolio for the industry ministry.

Meanwhile, NAP leader Chawalit Yongchaiyut, whose rebellion against the government has raised questions concerning political etiquette, yesterday deplored Chat Phatthana's decision to join the Chuan coalition as the NAP's replacement.

"If they continue to play politics like this, the future of this country is worrisome," Chawalit said. He said politicians should be straightforward about their party's policies. The NAP, for example, took a clear political stand by leaving the government over their differences on Articles 198 and 199 of the Constitution Amendment Bill. He said there could be confusion if politicians don't observe decorum and propriety.

Chawalit refused to respond to remarks that the NAP had conspired with senators appointed by the former National Peacekeeping Council and the opposition to overthrow the government, saying further comment could only worsen the political situation. He said the NAP has begun preparing for general elections since pulling out of the coalition.

Democrat Secretary-General Sanan, hitting back at Chawalit, said the NAP leader now "has a long journey to make" before he can achieve his political ambition of becoming prime minister.

Deputy New Aspiration leader Thawi Kraikup resigned from the party's executive board yesterday, informed party sources said. Earlier, Thawi immediately announced his resignation as deputy communications minister after his party rebelled against the government in the vote on Articles 198 and 199 of the charter amendment bill.

#### **Chatchai Faulted for Joining Coalition**

*BK1312073594 Bangkok BANGKOK POST in English  
13 Dec 94 pp 1, 6*

[FBIS Transcribed Text] Chat Phatthana [CPP] leader Chatchai Chunhawan yesterday denied his party broke agreement with the rest of Opposition in accepting an invitation to join the government. Chat Thai leader Banhan Sinlapa-acha yesterday accused General Chatchai, who was instrumental in drafting a declaration by the opposition parties that they would not break ranks, of going back on his word. But Gen Chatchai said his party did not mean to get in the government on its own initiative, but was invited by Prime Minister Chuan Likphai through Democrat secretary-general Sanan Khachonprasat.

"We didn't simply get in. We were invited to join the government," he told reporters at his Ratchakhru residence after meeting Mr Sanan.

"Chat Phatthana did not replace New Aspiration [NAP], but under democratic rule, we had to listen to the party's executive board. The situation of the country would not be very good so long as there was a minority government," he said.

Gen Chatchai, who claims to have retired and will not sit in the Cabinet, said the interests of the country must come before everything else, including the joint declaration.

"Since the signatories of the joint declaration failed to form government of their own, we must let bygones be bygones. What tomorrow brings is more important," he said.

He disclosed that a "very, very senior and respectable person asked him to join the government "for the sake of the country", because a minority government could not survive long, an apparent reference to former prime minister Prem Tinsulanon.

Among Chat Thai leader Banhan Sinlapa-acha's charges against Gen Chatchai were that he was guilty of dishonour, lack of etiquette, and political bankruptcy.

Mr Banhan said it would have been acceptable had the CPP decided to join the coalition after the resignation of the Prime Minister.

But Gen Chatchai "got down on his knees and went and saw them (the Democrats). That's horrible. How could he do it? He's the leader of a major opposition party. He could have shown some dignity."

Mr Banhan returned to Bangkok yesterday morning from Ubon Ratchathani where he was attending the wedding of the daughter of Ubon Ratchathani MP Chatri Phiriyakitphaibun. He said Gen Chatchai was the key player in drafting a declaration that the opposition parties would not break ranks.

"Now he's the one who has broken ranks."

He quoted Gen Chatchai as saying that the Chuan administration was bound to collapse because it had reached an impasse.

"But the CPP decided to join the coalition even before the prime minister resigned," he said.

The Chat Thai leader claimed that Gen Chatchai as broken his word before, in September last year when the Chat Phatthana, Social Action [SAP], Prachakon Thai, Muan Chon, and Ratsadon parties met at home of former prime minister M.R. Khukrit Pramot.

There they announced that they planned to merge under the SAP banner, with Gen Chatchai as leader and SAP chief Montri Phongphanit as secretary-general.

The merger plan collapsed when a majority of the CPP disavowed Gen Chatchai's decision, claiming it was done without the consent of the party.

Gen Chatchai's action resulted in the SAP being ousted from the coalition alliance, Mr Banhan said.

He doubted that Gen Chatchai would honour the declaration signed by the opposition parties last week, but "I didn't expect him to behave in such a dishonorable manner," he said.

"Me, I have honour," he added.

But Chat Phatthana secretary-general Prachuap Chaisan said the CPP did not "double-cross" the other opposition parties.

Mr Prachuap said the declaration of the opposition parties was no longer working when the NAP refused to form a government among opposition parties.

"The joint declaration was made in the hope that the opposition parties could form a government of their own. But since we failed to do this, the joint declaration was finished," he said.

Chat Thai secretary-general Sano Thiangthong was adamant, however. He lashed out at Gen Chatchai, saying he should leave the country for his "shameful" acts.

Mr Sano said a former prime minister like Gen Chatchai should have a mind to his credibility in "the latter part of his life".

"With the CPP in Government, a man carrying the name Chatchai will find it difficult to hold his head up in society," he said.

Mr Sano accused Gen Chatchai of "being the kind of person who survives by extricating himself from problems".

Despite being a founder of the Chat Thai Party, Gen Chatchai broke away to set up a new party when Chat Thai was branded "devilish".

But Gen Chatchai was the one who created the problems and crises that led to Chat Thai getting this label, he said.

He repeated Mr Banhan's charge that it was Gen Chatchai who arranged for Opposition leaders to sign a declaration that they would not break ranks unless the Government resigned and an entirely new government was formed.

"It's absolutely shameful for Gen Chatchai to break his promise. He should leave the country," Mr Sano said.

He claimed that although Chat Thai was approached to join the Government, it ignored the invitation because it wanted to "adhere firmly to the agreement made with the other Opposition parties."

#### **Agriculture Minister Resigns**

*BK1312142294 Bangkok Radio Thailand Network in Thai 1200 GMT 13 Dec 94*

[FBIS Translated Text] Agriculture and Cooperatives Minister Nipphon Phromphan told reporters at the Agriculture and Cooperatives Ministry at 1630 today that he

had submitted his resignation to the prime minister. He said that his resignation was motivated by the irregularities involved in the issuance of the land utilization permits under the land redistribution plan.

[Begin Nippon recording] Since the shortcomings were made by officials in charge of the plan, I, in my capacity as the head of the ministry, must consider those shortcomings as mine, despite the fact that we have found that most of the mistakes were made unintentionally. I would like to inform you that I have decided to resign from my post as minister of agriculture and cooperatives. I have tendered my resignation letter to the prime minister and it will be effective beginning this evening. [end recording]

### **Editorial Deplores Chat Phatthana Inclusion**

*BK1312133294 Bangkok THE NATION in English 13 Dec 94 p A6*

[Editorial: "Politics Back To Square One With Chat Phatthana Inclusion"]

[FBIS Transcribed Text] There was temporary respite from the rather precarious state of political affairs in the country when the Chat Phatthana Party announced yesterday morning that it had agreed in principle to join the embattled coalition of Prime Minister Chuan Lik-phai. But this is nothing to shout about.

Chat Phatthana, which has been in opposition since Chuan's Democrats formed a coalition in September 1992, was now prepared "to face the future together and to work for the interests of the nation", the party's leader Chatchai Chunhawan said. He said the opposition party would replace Gen Chawalit Yongchaiyut's New Aspiration Party (NAP), which withdrew from the government on Thursday after voting against the coalition's proposed amendments to Articles 198 and 199 of the Constitution.

Chat Phatthana's agreement to come into the coalition government was based on the political brinkmanship of Democrat secretary-general Sanan Khachonprasat, who managed to woo young opposition MPs in the Kon Thappharangsi faction.

On the surface, it seems that the Chuan government will be able to ward off for the time being any attempts by the opposition to topple it, by virtue of the fact that the inclusion of Chat Phatthana gives it control of 201 seats in the 360-seat House of Representatives. Going deeper, it seems completely baffling how Chat Phatthana and the Democrats can ever have a common platform in a coalition government when both have been going for each other's throats since 1992.

Chat Phatthana, when it was in the opposition, made it a point to vote down in Parliament anything proposed by the government. On Thursday, therefore, it came as no surprise that it too voted against amendments to Articles 198 and 199 that would bar kamnan and village heads from serving on local government bodies at the tambon

level. Thus, Chat Phatthana—together with the NAP and other opposition parties—was also responsible for killing the Chuan government's efforts to introduce democratic reforms in the provinces.

If there's one logical explanation for the Democrats co-opting Chat Phatthana, it is clearly political expediency. Yesterday's events were an indication that neither the Democrats nor the opposition were ready for new general elections. That's the sole reason why the coalition government now, thanks to the Democrats, has a strange bedfellow.

Chuan must explain to the people why Chat Phatthana was brought into the government and the opposition party members in turn must make it known why they have decided to work with a coalition which they have condemned, since day one of its formation.

Is politics in Thailand a mere numbers game, and where have Chuan's much-touted "principles" gone?

Tomorrow, Democrat Agriculture Minister Nippon Phromphan has to answer charges in Parliament over the Phuket land reform scandal, in a no-confidence motion filed by the opposition. By all means, this grilling must go on as the minister must explain how 10 rich families with connections to the Democrat Party have managed to get land meant for the poor in the southern island. Hard-to-refute claims have been made in connection with the Phuket land reform saga and if the irregularities are not tackled now, there will be similar scandals in other land schemes for the poor. Getting an opposition party on the government's side doesn't mean the Democrats can get away scot-free.

Chuan's decision to accept the Chat Phatthana Party into the coalition to replace the NAP stems from an irresistible urge to survive, no matter what. The Democrats have tried to whitewash the reputation of Chat Phatthana, but it will be difficult to convince the public that they are doing this to safeguard the country's fledgling democracy.

The "angelic" coalition has lost its do-good/no-evil image and it's only a matter of time before it again succumbs to in-fighting.

Rather ironically, with Chat Phatthana's entry into the government Chuan is now responsible for bringing Thai politics back to square one. It is indeed sad that the events leading to the bloody May crisis in 1992 have been forgotten by the Democrats.

### **Editorials Consider New Coalition Government**

*BK1312095094*

[FBIS Editorial Report] On 13 December, the Bangkok vernacular dailies KRUNGTHEP THURAKIT, NAEON, and THAI RAT publish editorials commenting on the inclusion of the Chat Phatthana Party of former Prime Minister General Chatchai Chunhawan in the coalition government of Prime Minister Chuan Likphai

following the withdrawal of the New Aspiration Party of General Chawalit Yongchaiyut.

KRUNGTHERP THURAKIT's 400-word editorial on page 2 titled: "Inclusion of The Opposition Party Is Only a Temporary Solution," says "it is obvious that the Chuan administration intends to continue running the country rather than dissolving the parliament to give the power back to the people or resigning as desired by the opposition. We believe that the political victory of the Chuan government in its bid to secure a majority in the house is a temporary one and will benefit the general public for only a short period of time. In other words, the government wants to see the constitutional amendment bill pass its third reading and be promulgated before the next general election.

"We do not believe that the inclusion of an opposition party in the Chuan government will allow the Democrat Party to act as the leading core of the coalition and run the country without problems." The Chat Phatthana Party itself disagrees with the government on Articles 198 and 199 of the constitution amendment bill.

Noting that the "Chuan-4 Government should dissolve the parliament after it has completed the task of amending the Constitution," the editorial says: "We strongly oppose the idea of having either Chat Phatthana or Chat Thai join the coalition just to help cover up mistakes or irregularities such as those involved in the land reform controversy."

NAEO NA's 300-word editorial on page 2 titled: "The Cancelable Covenant" says: "At any event, we believe that the Chat Phatthana Party has done the right thing because General Chawalit, leader of the New Aspiration Party, earlier defied the government's resolution and colluded with the opposition in carrying out certain political activities. Therefore, it is nothing strange for the Chat Phatthana Party to break the pledge it made with other opposition parties and join the coalition government. Its decision is politically justifiable and does not create any problems for the opposition bloc. Suffice it to say that the Chat Phatthana Party has the sense of responsibility toward society."

In conclusion, the editorial notes: "Many members of the Chat Phatthana Party are highly experienced politicians. We hope that they will be able to use their expertise to help improve the standard of our political system."

THAI RAT's 350-word editorial on page 3 titled: "Democracy Advocate?" says "the political movements of General Chawalit Yongchaiyut, leader of the New Aspiration Party and former interior minister, during the past few days were astonishing." "It was rumored that he intended to form a government with other opposition parties if the coalition government of Prime Minister Chuan Likphai resigned."

Criticizing Gen Chawalit's stand against the government's power decentralization policy which requires

elections of local administrators, the editorial continues: "The general public should closely watch his political behavior. He started his political career beautifully by resigning from the military to set up his political party and engage in the parliamentary political system. During the past two years as interior minister, however, he has made too many mistakes."

## Vietnam

### Ministry on Reported U.S. Return to Cam Ranh Bay

BK1312150594 Hanoi VNA in English 1359 GMT 13 Dec 94

[FBIS Transcribed Text] Hanoi VNA Dec 13—"Vietnam always exercises its full sovereignty over Cam Ranh as any other territorial regions of Vietnam and does not want to turn Cam Ranh into a base of any foreign countries".

A spokesperson for the Vietnam Foreign Ministry was saying today in response to a VIETNAM NEWS AGENCY correspondent on an article of Thailand's SIAM RAT newspaper on Vietnam's proposal for the return to Cam Ranh Gulf by the USA. The spokesperson described the article completely groundless and confirmed that there is never such a story on Cam Ranh issue having been raised in Vietnam-US meetings'. [quotation mark as received]

### Phan Van Khai Receives World Bank Official

BK1012100694 Hanoi VNA in English 0558 GMT 10 Dec 94

[FBIS Transcribed Text] Hanoi VNA Dec. 9—Deputy Premier Phan Van Khai received here today a delegation of the World Bank (WB) led by Mr Callisto Madavo, head of its Pacific and East Asia Department, who is now on a working visit to Vietnam.

Mr Callisto Madavo informed his host that in its 93-94 fiscal year, the WB provided Vietnam loans totalling USD 325 million, which was proceeded [words indistinct] in the 1995, fiscal year, the WB will continue lending Vietnam an amount worth USD 450 million. He also confirmed the WB's commitment to push up loan projects well as to assist Vietnam in the fields of consultancy management and making use of assistant resource.

Deputy Premier Khai agreed with Mr Madavo that Vietnam should co-ordinate with the WB in carrying out preparatory steps of projects, reforming reception and request procedures, modernizing the financial and bank systems of Vietnam in order to better manage and use capital sources from foreign countries and international financial organizations.

The same day, officials from more than 10 member countries of the Intersputnik Satellite Communications Organization who attended its 23rd session here called on Mr khai.

Mr Kudryavtsev, director general of Interspunik, informed Mr Khai of the session's results and pledged to help promoting the economic and technical cooperation between member countries and Vietnam in the development strategy.

Mr Khai expressed his belief that Vietnam as a member of the organization, would do her utmost to build the organization and to cooperate and help each other in designing, exploiting and developing the satellite communications network to meet the urgent demand of communications in the present situation.

#### **ADB Provides Funding To Support Agriculture**

*BK1112070194 Hanoi Voice of Vietnam in English  
1000 GMT 9 Dec 94*

[FBIS Transcribed Text] The Asia Development Bank on Saturday approved an \$80 million loan and a \$1.4 million grant for Vietnam's agriculture program. The combined amount are earmarked to establish a policy environment which favors liberalized agricultural market and expand ways for the private sector in the export of rice and the import of fertilizer and stronger institutions required for the market economy in Vietnam. [sentence as heard] The loan is interest-free and has a repayment period of 40 years with a grace of 10 years.

#### **State Committee on Foreign Investment Goals**

*BK1312030994 Hanoi VNA in English 1305 GMT 12  
Dec 94*

[FBIS Transcribed Text] Hanoi VNA Dec 02—Foreign invested capital for industrial, agricultural and infrastructure development projects is expected to amount to USD 20 billion by 2000, double the current amount, according to the State Committee for Cooperation and Investment (SCCI).

Based on this figure, the SCCI proposed the state disburse USD 8 billion in the oil and gas industry to bring up 20 million tonnes of crude oil by the year [words indistinct] investment of USD 5 billion will be required to build 12 concentrated industrial complexes in Ho Chi Minh City and Song Be, Dong Nai, Can Tho, Da Nang, Hanoi, Haiphong and Hai Hung.

Of the total foreign investment capital, USD 2 billion will be intensively invested in upgrading existing facilities and in building new plants for the production of consumer goods. A sum of about USD 3 billion will be needed for building 4-5 cement plants with an annual output of 8-10 million tonnes and development of metallurgy engineering, chemicals and electronic industries. Meanwhile, other investments involving agriculture, (?forestry) and fishery, chiefly processing industries, will reach USD 800,000. Telecommunications infrastructure will need an investment of USD 1 billion not including the official development aid from foreign countries.

The development of the hotel, tourist and office building industry, the most attractive sector to foreign investors, will require an investment of about USD 1.5 billion.

#### **Greater Foreign Investment in Needy Areas Urged**

*BK1312061494 Ho Chi Minh City SAIGON GIAI  
PHONG in Vietnamese 14 Nov 94 p 1*

[Article by Minh Le: "Foreign Investment Viewed From Both Sides"]

[FBIS Translated Text] We implemented the Law on Foreign Investment six years ago. Generally speaking, after six years of implementing the Law on Foreign Investment, the State Committee for Cooperation and Investment (SCCI) has issued more than 1,186 licenses to joint ventures and 100 percent foreign-funded projects with a total registered capital of \$10.7 billion. A number of foreign investors who came early have begun to pay off their capital and earn profits. According to the statistics released by the SCCI, in 1994 foreign-funded enterprises have paid \$130 million in taxes to the state and have created a new strength that has helped produce 30,500 tonnes of steel and steel products, 7,000 assembled cars and 70,000 assembled motorcycles, 30,000 thread spools, 25 million meters of fabrics, 13 million liters of beer, 13,500 hectares of forest land, and 2,500 hotel rooms. Foreign-funded enterprises have acquired a number of modern technologies in telecommunications, oil and gas exploration, car and motorcycle assembly and production, and chemical products manufacturing.

It can be said that both Vietnamese and foreign investors have achieved some initial results. Nonetheless, there is still much room for improvement and perfection. As a top priority objective, efforts must be made to perfect the legal system and improve administrative procedures in order to prevent investors from being disappointed. Investors have made many complaints about our administrative procedures. One foreign investor made the following straightforward remark: "The one-stop service that you have mentioned is nowhere to be seen. What we see is a roadblock and too many hurdles." Vietnam remains an attractive investment market, but if we do not enact prompt measures to perfect our legal system, improve our administrative procedures, and upgrade our infrastructure, we will lose our competitiveness to neighboring countries.

Another pressing problem is the need for coordinated action to implement the laws on local investment promotion and on foreign investment in such a way as to ensure that these two investment areas complement each other for development instead of trying to compete with or eliminate each other. All foreign investors want to invest in areas that are likely to generate high profits and help them earn their capital back at an early date. We, of course, want foreign countries to invest in projects that fall under our priority development programs. It is up to us to determine specific investment domains and even prohibit investment in areas where we have sufficient

capital and technological knowhow. It is entirely up to us to formulate incentives and economic leverage policies.

Once we granted licenses to too many garment-making enterprises that only had a total foreign investment capital of several hundred thousand U.S. dollars. We were poor then, but that amount of investment capital could still be covered by local investors. The result was that we let foreign investors earn huge profits through the exploitation of our labor. Lately, many foreign firms have rushed to our country and applied for joint ventures with our detergent plants. As far as we know, detergent joint ventures have been established between Viso, Uni Lever, and Procter and Gamble (USA); Net with Fa (Federal Republic of Germany); and Lix with a Chinese company. According to a number of well-known local detergent producers, our detergent industry is capable of meeting local demand (the entire country consumes only 75-80,000 tonnes per year, whereas our current capacity is 120,000 tonnes per year). In addition, our local detergent producers have caught up with the technology currently being used worldwide. In applying for joint ventures, foreign companies are aiming at our 70 million consumers and the quick profits that joint ventures can generate.

We need to make greater efforts to attract foreign investment. According to our estimates, to double per capita income (\$450) by 2000, we need to attract \$18-20 billion. The issue here is to encourage foreign countries to invest in needy development areas with modern technology without affecting local investment.

#### **Planning Commission Sets Goals for 1996-2000**

*BK1212080994 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 10 Dec 94*

[FBIS Translated Text] According to the State Planning Commission, the main tasks and objectives of our country's socioeconomic development project for the 1996-2000 period are as follows: Concentrated efforts must be made to accelerate the industrialization and modernization program and establish a rational national economic structure to ensure an average high economic growth rate of 10-12 percent.

Regarding social development objectives, by the year 2000, the rate of population increase will be reduced to less than 1.9 percent, 80 percent of the rural population will be provided with safe water, 95 percent of the population will have access to Voice of Vietnam radio programs, and 80 percent of the population will have access to television programs from the National Television Network.

## Australia

### Keating: Trading Partners 'Cheat' With Preferences

BK1212135194 Sydney THE AUSTRALIAN  
FINANCIAL REVIEW in English 18 Nov 94 p 10

[Report by Tom Burton]

[FBIS Transcribed Text] All of Australia's trading partners cheat and give preference to their own industries, the Prime Minister reiterated yesterday.

Mr Keating had been asked in Parliament, after his return from the APEC [Asia-Pacific Economic Cooperation] leaders meeting in Indonesia, whether he had revised his earlier comments that there was no concept of a level playing field outside Australia and that all countries cheated, mucked about and played favourites.

He had made his original comments in February 1992 when campaigning against plans by the then Opposition leader, Dr Hewson, for a zero tariff by 2000.

"No, my views have not changed—not one jot," Mr Keating said.

"They can change only in the context of what this Government has been able to achieve with leaders in the region: that is, a multilateral reduction in trade protectionism and the capacity to reduce trade and non-trade barriers together, and therefore to reduce the cost of protectionism. That is why when you (the Opposition) proposed, foolishly and arrogantly, that you would abolish protection in this country while the rest of the world kept it, you copped the sensible admonition of the Australian public for being wide-eyed and stupid."

Mr Keating said that rather than unilaterally cutting tariffs as the Opposition had proposed the Government would use APEC to lower barriers as a means of getting others to cut tariffs.

"There are multiple benefits and that is why the cost of economic restructuring, which a reduction in trade protectionism brings, is diminished if one can get the agreement of people to do it together," Mr Keating.

Mr Keating was also asked if APEC would be offering trade liberalisation benefits to other groupings, such as the European Union.

He said the question of whether the new trade group would offer tariff reductions to all outsiders on a Most Favoured Nation basis or unilaterally in return for reciprocal benefits would be decided in the run up to next year's Osaka APEC leaders meeting.

But he referred to the GATT rules that he claimed made it possible to offer whatever reductions in trade barriers occurred within APEC to nonmember countries.

He indicated it was not simply a question of either a preferential or non-preferential arrangement and that there were legitimate shades of grey on the issue.

### Trade Minister Says APEC Tariff Cuts Not Enough

BK1212144294 Sydney THE AUSTRALIAN  
FINANCIAL REVIEW in English 22 Nov 94 p 12

[Report by Petr Gill]

[FBIS Transcribed Text] The earliest trade gains through APEC [Asia-Pacific Economic Cooperation] would come from improving the Asia-Pacific trading environment rather than through further tariff reductions, the Minister for Trade, Senator McMullan said yesterday.

Senator McMullan acknowledged the difficulty of achieving the trade liberalisation goal agreed by APEC leaders in Bogor, Indonesia, last week, saying it would be a "gradual and incremental" process requiring "time and patience".

He also noted the question of whether APEC members extended the benefits of trade liberalisation to non-members—left undecided by APEC leaders—was "a contentious one and will not be easy to resolve". In the shorter term, Senator McMullan said it was hoped there would be concrete results this year from APEC's efforts to harmonise product standards and streamline customs procedures.

"Lower tariffs are of little value if exporters find their products barred from a market because of arbitrarily applied standards, or if they face extra costs and delays as a result of exorbitant customs fees, or if they experience costly delays due to inadequate transport or port infrastructure," Senator McMullan said.

"This will be the area in which I expect the earliest progress. Unlike industry protection, it is the least contentious segment of an APEC free trade and investment package," he said.

Senator McMullan acknowledged the magnitude of the APEC leadership's agreement to achieve free and open trade in the region by 2010 for industrialised countries and 2020 for developing nations.

He said APEC members would bring to the negotiating table "the range of industry sensitivities that constrained their participation in the Uruguay Round" of world trade talks which would require a "common resolve" to overcome.

"I know it can be done despite a few sceptics questioning the willingness of regional economies to achieve free trade in the region by either 2010 or 2020," he said.

Senator McMullan outlined his view of the elements which needed to be implemented if the APEC leader's package was to be achieved.

A "core element" was a "checkpoint process providing for regular reviews to monitor the progress made by APEC participants"—an approach he likened to the current Trade Policy Review Mechanism conducted by the GATT secretariat in Geneva.

The establishment of a similar review process within APEC would help provide assurance that all APEC participants are moving forward towards free trade and investment, and adhering to other APEC commitments, including standstill (on existing protection levels)."

### **Keating Comments on Suharto's Government, Timor**

*BK1212134794 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 18 Nov 94 p 10*

[Report by Geoffrey Barker]

[FBIS Transcribed Text] The Prime Minister, Mr Keating, claimed yesterday that the election of President Suharto's New Order government in Indonesia was "the event of greatest positive strategic significance to Australia in the post-war years".

"Had it not been for that cohesive event—if the archipelago was breaking up—we would not be spending 2 per cent of GDP on defence. We would be spending 6 or 7 per cent", he told Parliament.

Answering a question on East Timor, Mr Keating's vigorous defence of President Suharto revealed the depth of his uncritical personal commitment to the Indonesian leader. The answer also revealed the Prime Minister's talent for rewriting history.

Contrary to Mr Keating's claim, President Suharto was not elected to office in Indonesia. He was named as President for five years in 1968 when he was head of the army, and was elected five years later. He has since presided over a regime that pursued an extraordinarily successful development policy, but that has been brutally repressive and endemically corrupt.

Asked by National Party MP Mr Peter McGauran whether he raised East Timor at his meetings with President Suharto at this week's historic APEC [Asia-Pacific Economic Cooperation] free-trade summit in Indonesia, Mr Keating replied: "I did not raise it... I do not think it is my responsibility every time I fly into Indonesia to go through a litany of issues on this.

"The primary requirement of Australian foreign policy and trade policy on this occasion was to get the Bogor declaration up—and get it up we did."

He focused his criticism on the former colonial power, Portugal, which he described as "hopeless".

### **Immigration Officials, PRC Discuss Boat People**

*BK1012150094 Melbourne Radio Australia in English 1100 GMT 10 Dec 94*

[FBIS Transcribed Text] Australia's Department of Immigration is holding talks with Chinese officials in an

effort to stem the number of boat people arriving in Australia. In the past three weeks, four boats had arrived carrying more than 300 people, and it's anticipated more are on their way.

The department's deputy secretary, Dennis Richardson, said he had met China's vice minister for foreign affairs in Beijing to discuss the issue. He said talks are also being held with the Chinese ambassador in Canberra. Mr. Richardson said he did not want to hold out the hope of an immediate reduction in numbers, but hoped to see a slowdown in arrival over the coming months.

Meanwhile, a vessel believed to be carrying almost 90 boat people has been sighted 100 nautical miles northwest of Darwin. A customs spokesman said the boat had been spotted by an aircraft of the surveillance organization Coast Watch, and it was escorted into Darwin by an Australian warship.

Radio Australia's Darwin office says the vessel is believed to have left East Timor on Thursday [8 December] morning but the nationality of those on board is not known. The boat is expected to arrive in Darwin tomorrow.

### **89 PRC Boat People Arrive**

*BK1112155194 Melbourne Radio Australia in English 1100 GMT 11 Dec 94*

[FBIS Transcribed Text] A fishing boat carrying 89 illegal Chinese immigrants has arrived in the Northern Australian port of Darwin. The vessel is believed to have left East Timor on Thursday [8 December]. It was escorted to Darwin by a Navy patrol boat after being spotted yesterday about 100 nautical miles northwest of the city. It's the fifth boat to arrive in Northern Australia in the past three weeks carrying a total of about 400 people, mainly Chinese. Paul Cullen reports:

[Begin Cullen recording] The red and green fishing vessel was ordered to anchor several hundred yards off central Darwin and was surrounded by military, immigration, and customs craft. The 89 occupants, predominantly men but also including women and children, sat quietly on deck as officials came on board. A naval boat ferried them to the (Larakia) Barrack where they are being processed before being taken to a holding center on the outskirts of Darwin. Immigration representatives expect to transfer them to Port Hedland in Western Australia tomorrow. [end recording]

Meanwhile, 12 Indonesian fishing boats suspected of breaching Australian fishing waters have also been escorted into Darwin. This brings to 100 the number of foreign vessels detained since early September. Ten of the boats were detected by coastal surveillance aircraft in an area about 200 nautical miles northwest of Darwin.

### **Investment Accord Signed With Philippines**

*BK1212063094 Manila BUSINESS WORLD in English 8 Dec 94 p 2*

[Report by Paul N. Villegas]

[FBIS Transcribed Text] Melbourne—Trade and Industry Secretary Rizalino Navarro yesterday signed an Investment Promotion and Protection Agreement with Australian Trade Minister Bob McMullan at the World Congress Center here.

The agreement is expected to boost Australia's investment in the Philippines which has lagged far behind the United States, Japan, and Great Britain.

Mr. Navarro said the agreement symbolizes Australia's growing interest in the Philippines, particularly in investment potentials.

Mr. McMullan, on the other hand, pointed out the agreement is timely because it complements economic reforms in the country, including the investment liberalization efforts Manila has undertaken.

In 1992, Australia ranked as the country's 13<sup>th</sup> largest foreign investor, with equity investments reaching P [pesos] 1.6 billion.

The Board of Investments registered 61 companies with Australian equity participation, majority of which are in the manufacturing, port service, and telecommunications.

Mr. Navarro said government is eyeing hi-tech Australian firms to invest in the country in order to utilize the abundance of highly skilled Filipino workers.

"We want them to establish production facilities in the country where they could reexport their products, as well as sell them to the domestic market. We have fiscal incentives for companies of such kind," the DTI [Department of Trade and Industry] chief told BUSINESS WORLD.

A number of Australian companies such as P&O, ANZ, TNT, Pacific Dunlop and Goodman Fielder are already involved in the Philippine market.

"Their presence there is expected to attract more Australian companies to the Philippines," Mr. McMullan said, saying bilateral economic ties between Canberra and Manila is gradually improving in favor of the latter.

"They (Australian firms) are beginning to look more seriously at emerging market opportunities, and this agreement will make Australian investments in the Philippines more viable and attractive. The country has undoubted potential for Australian investors. It is politically stable, with a work force that is young, largely

English-speaking, comparatively skilled, and well-educated. The Philippines is well-placed geographically within the dynamic APEC [Asia-Pacific Economic Cooperation] region," he said.

The agreement is also expected to boost Philippine investments in Australia, most of which are concentrated in the real estate sector.

"It (agreement) will provide a range of guarantees to investors including fair and equitable treatment, compensation in the case of nationalization or expropriation, and recourse to international arbitration," said Mr. McMullan.

## New Zealand

### Unemployment Rate Drops To 7.8% in Sep Quarter

BK1212135694 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 21 Nov 94 p 14

[Report by Selwyn Parker, AFR correspondent in Auckland]

[FBIS Transcribed Text] The unemployment rate in New Zealand has plummeted below the benchmark 8 per cent mark. It is the lowest in four years and far ahead of official forecasts. According to the Government Statistician, the rate is 7.8 per cent for the September quarter. This figure is nearly a year ahead of the Reserve Bank's own latest target.

The latest figures also show a record number of people in official employment at 132,000 and a record annual growth in jobs since the household labour survey began eight years ago. Most important, the figures prove that the economy is bouncing right back from the painful restructuring in the late '80s.

The Government Statistician, Mr Len Cook, said it was the first time "we've seen employment rise above the effect of restructuring". The sharp pick-up in jobs also improves New Zealand's rating within the OECD. At 7.8 per cent, the unemployment rate puts New Zealand just under the OECD average of 7.9 per cent and well ahead of Australia and Britain at 9.4 per cent, Canada at 10 per cent, and Ireland at 15 per cent.

The Minister for Employment, Mr Wyatt Creech, said the figures showed a surprisingly high 21 per cent drop in the unemployment rate for young people and a 17 per cent fall in the long-term unemployed—those out of work for 26 weeks or more.

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